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**THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 2004 B (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2004 C (CAPITAL STATE BANK)**

BOND ORDINANCE

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Ordinance No. _____

Introduced in Council: _____, 2004

Passed by Council: _____, 2004

ORDINANCE AUTHORIZING THE MERGER AND ACQUISITION OF THE ASSETS OF GREEN VALLEY COMMUNITY PUBLIC SERVICE DISTRICT AND THE ASSUMPTION OF ALL OUTSTANDING BONDS AND OTHER OBLIGATIONS OF THE DISTRICT BY THE CITY OF SOUTH CHARLESTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$110,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), NOT MORE THAN \$1,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$275,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 C (CAPITAL STATE BANK); 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; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SOUTH CHARLESTON:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13, Chapter 22C, Article 1 and Chapter 22C, Article 2 of the Code of West Virginia, 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 South Charleston (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State. The Issuer presently owns and operates a public sewerage system through its Sanitary Board.

B. Green Valley Community Public Service District (the "District") is a public service district created pursuant to Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended and currently provides sewer collection service to approximately 900 customers. Pursuant to an operation and maintenance agreement by and between the Issuer and the District, the Issuer operates and maintains the District's sewerage system and performs billing and collection services for the District.

C. The Issuer and the District signed a purchase agreement providing that the Issuer will acquire all the property and assets of the District, the Issuer will assume all the legal and financial obligations of the District and the customers served by the District will become customers to be served by the Issuer.

D. The Issuer, the Sanitary Board and the District jointly petitioned the Public Service Commission of West Virginia (the "PSC") for approval of the acquisition of the District's assets and the assumption of the District's Bonds and other obligations by the Issuer.

E. The PSC approved the acquisition of the District's assets and the assumption of the District's Bonds and other obligations by the Issuer in an order entered on April 7, 2004, in Case No. 03-1973-PSD-S-PC.

F. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired the complete public service properties of the District for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, together with all real and personal property, easements, rights-of-way and other interest in real property, all permits, licenses, orders, certificates and other approvals,

and all tangible and intangible assets of the District, together with all appurtenant facilities (collectively, the "Project")(the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements are herein called the "System").

G. The acquisition and construction of the District's sewerage system were financed in part by the proceeds of the District's (i) Subordinate Sewer Revenue Bonds, Series 1982, dated July 27, 1982, issued in the original principal amount of \$250,000 (the "Series 1982 Bonds"); (ii) Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated September 7, 2000, issued in the original principal amount of \$1,160,000 (the "Series 2000 A Bonds"); and (iii) Sewer Refunding Revenue Bonds, Series 2001 A, dated September 13, 2001, issued in the original principal amount of \$450,000 (the "Series 2001 A Bonds") (collectively, the "District Bonds"). The Registered Owners of the District's Bonds have stated that they will consent to the Issuer's assumption of the District's Bonds and the replacement of the District's Bonds with the Series 2004 Bonds of the Issuer, on a parity with the Issuer's outstanding bonds.

H. It is deemed necessary for the Issuer to issue its (i) Sewer Revenue Bonds, Series 2004 A (West Virginia Water Development Authority), in an aggregate principal amount of not more than \$110,000 (the "Series 2004 A Bonds"), to replace the District's Series 1982 Bonds; (ii) Sewer Revenue Bonds, Series 2004 B (West Virginia SRF Program), in an aggregate principal amount of not more than \$1,100,000 (the "Series 2004 B Bonds"), to replace the District's Series 2000 A Bonds; and (iii) Sewer Revenue Bonds, Series 2004 C (Capital State Bank), in an aggregate principal amount of not more than \$275,000 (the "Series 2004 C Bonds"), to replace the District's Series 2001 A Bonds (collectively, the "Series 2004 Bonds").

I. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2004 Bonds as to liens, pledge, source of and security for payment, being (i) the Supplemental Subordinate Sewer Revenue Bonds, Series 1986, dated August 29, 1986, issued in the original principal amount of \$378,985 (the "Series 1986 B Bonds"); (ii) the Subordinate Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated May 25, 1999, issued in the original principal amount of \$605,854 (the "Series 1999 A Bonds"); and (iii) the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated September 5, 2003, issued in the original principal amount of \$4,567,360 (the "Series 2003 A Bonds"). The Series 1986 B Bonds, the Series 1999 A Bonds and the Series 2003 A Bonds are collectively called the "Prior Bonds."

The Series 2004 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 2004 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; (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2004 Bonds on a parity with the Prior Bonds; and (iii) the written consent of the Registered Owners of the District's Bonds to the assumption of the District's Bonds by the Issuer and the replacement of the District's Bonds by the Series 2004 Bonds. 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.

J. The estimated revenues to be derived in each year after the acquisition of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Series 2004 Bonds and the Prior Bonds and all funds and accounts and other payments provided for herein and in the Prior Ordinance.

K. The Issuer has complied with all requirements of West Virginia law relating to the authorization of the acquisition of the Project and the issuance of the Series 2004 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the acquisition of the Project and the financing thereof, and obtaining of the consent and approval from the PSC by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2004 Bonds or such final order will not be subject to appeal.

L. 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 2004 Bonds for the purposes set forth herein.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2004 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 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 Registered Owners of any and all of such Series 2004 Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13, Chapter 22C, Article 1 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is the current Registered Owner of the District's Series 1982 Bonds and the Series 2000 A Bonds and is expected to be the original purchaser and Registered Owner of the Series 2004 A Bonds and the Series 2004 B 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.

"Bank" means Capital State Bank, Charleston, West Virginia, which is the current Registered Owner of the District's Series 2001 A Bonds and is expected to be the original purchaser and Registered Owner of the Series 2004 C Bonds.

"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 2004 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.

"City Clerk" means the City Clerk of the Issuer.

"Closing Date" means the date upon which the acquisition of the District's assets and the assumption of the District's Bonds and other obligations by the Issuer are complete.

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

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

"Consulting Engineers" means 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 Code of West Virginia, 1931, as amended.

"Costs" or "Costs of the Project" means those costs in connection with the acquisition of the Project and the assumption of the District's Bonds.

"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.

"District" means Green Valley Community Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Kanawha County, West Virginia, which will transfer all its assets, liabilities and obligations to the Issuer pursuant to the merger.

"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) or any Tap Fees (as hereinafter defined).

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

"Independent Certified Public Accountant" 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 South Charleston, a municipal corporation and political subdivision of the State of West Virginia, in Kanawha County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means, collectively, the Loan Agreement heretofore entered into by and between the District and the Authority, providing for the purchase of the District's Series 1982 Bonds and the Loan Agreement heretofore entered into by and among the Issuer, the Authority and the DEP, providing for the purchase of the District's Series 2000 A Bonds, which will be assumed by the Issuer in connection with the merger.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2004 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the respective Series 2004 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 2004 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, 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 Paying Agent (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, 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 canceled by the Bond Registrar at or prior to said date; (ii) any Bond 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; and (iv) for purposes of consents or other action by a specified percentage of Registered Owners, 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 designated as such for the Series 2004 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's (i) Supplemental Subordinate Sewer Revenue Bonds, Series 1986, dated August 29, 1986, issued in the original principal

amount of \$378,985, (ii) Subordinate Sewer Revenue Bonds, Series 1999 A, dated May 25, 1999, issued in the original principal amount of \$605,854, and (iii) Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated September 5, 2003, issued in the original principal amount of \$4,567,360.

"Prior Ordinance" means, collectively, the ordinances and supplemental resolutions 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 any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account, all as determined by the Code.

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

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"PSC Order" means, collectively, the final order or orders of the PSC, approving the acquisition of the District's assets and the assumption of the District's Bonds and other obligations by the Issuer.

"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, 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 Code of West Virginia, 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.

"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.

"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 Ordinance and continued hereby.

"Reserve Accounts" means, collectively, the respective Reserve Accounts

created for the Series 2004 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2004 Bonds.

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

"Sanitary Board" or "Board" means the Sanitary Board of the Issuer.

"Series 2004 Bonds" means, collectively, the Series 2004 A Bonds, the Series 2004 B Bonds and the Series 2004 C Bonds of the Issuer.

"Series 2004 A Bonds" means the Sewer Revenue Bonds, Series 2004 A (West Virginia Water Development Authority), of the Issuer, authorized by this Bond Legislation to replace the District's Series 1982 Bonds.

"Series 2004 A Bonds Sinking Fund" means the Series 2004 A Bonds Sinking Fund created by Section 5.02 hereof.

"Series 2004 B Bonds" means the Sewer Revenue Bonds, Series 2004 B (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation to replace the District's Series 2000 A Bonds.

"Series 2004 B Bonds Reserve Account" means the Series 2004 B Bonds Reserve Account created by Section 5.02 hereof.

"Series 2004 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004 B Bonds in the then current or any succeeding year.

"Series 2004 B Bonds Sinking Fund" means the Series 2004 B Bonds Sinking Fund created by Section 5.02 hereof.

"Series 2004 C Bonds" means the Sewer Revenue Bonds, Series 2004 C (Capital State Bank), of the Issuer, authorized by this Bond Legislation to replace the District's Series 2001 A Bonds.

"Series 2004 C Bonds Reserve Account" means the Series 2004 C Bonds Reserve Account created by Section 5.02 hereof.

"Series 2004 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004 C Bonds in the then current or any succeeding year.

"Series 2004 C Bonds Sinking Fund" means the Series 2004 C Bonds Sinking Fund created by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds created for the Series 2004 Bonds and the Prior Bonds.

"SRF Administrative Fee" means the administrative fee to be paid under the Loan Agreement for the District's Series 2000 A Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2004 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2004 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 Series 2004 Bonds, the Prior 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 sewerage 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 ASSUMPTION

Section 2.01. Authorization of Acquisition and Assumption. There is hereby authorized and ordered the acquisition of the Project and the assumption of the District's Bonds through the issuance of the Series 2004 Bonds by the Issuer.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of assuming and replacing the District's Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2004 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 2004 Bonds of the Issuer. The Series 2004 Bonds shall be issued in three series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2004 A (West Virginia Water Development Authority)," in the principal amount of not more than \$110,000; "Sewer Revenue Bonds, Series 2004 B (West Virginia SRF Program)," in the principal amount of not more than \$1,100,000; and "Sewer Revenue Bonds, Series 2004 C (Capital State Bank)," in the principal amount of not more than \$275,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2004 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2004 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 2004 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 between the Issuer and the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2004 Bonds shall initially be issued in the form of a single bond for each series, fully registered to the Registered Owner thereof, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 2004 Bonds. The Series 2004 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 such Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of such 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 set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2004 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2004 Bonds shall cease to be such officer of the Issuer before the Series 2004 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 2004 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 2004 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 2004 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 2004 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 Registered Owner, in accepting the Series 2004 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 Registered Owner shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2004 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 2004 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 2004 Bonds or transferring the registered Series 2004 Bonds are exercised, all Series 2004 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2004 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2004 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 2004 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2004 Bonds or, in the case of any proposed redemption of Series 2004 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 2004 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 Registered Owner'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 canceled 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 2004 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 System as herein provided. No Registered Owner of the Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2004 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 Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2004 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation 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 2004 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2004 Bonds to the original purchasers upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2004 Bonds to the original purchasers.

Section 3.10. Form of Bonds. The text of the Series 2004 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 SERIES 2004 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BOND, SERIES 2004 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF SOUTH CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of _____ DOLLARS (\$ _____), in annual installments on October 1 of each year, commencing October 1, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between Green Valley Community Public Service District (the "District") and the Authority, dated _____, _____, and assumed by the Issuer.

This Bond is issued to evidence the Issuer's assumption of the Green Valley Community Public Service District Subordinate Sewer Revenue Bonds, Series 1982, in connection with the Issuer's acquisition of the District's sewerage system (the "Project"). 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 1 of the Code

of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 200__, and a Supplemental Resolution duly adopted by the Issuer on _____, 200__ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SUPPLEMENTAL SUBORDINATE SEWER REVENUE BONDS, SERIES 1986, DATED AUGUST 29, 1986, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$378,985; (2) SUBORDINATE SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$605,854; (3) SEWER REVENUE BONDS, SERIES 2003A (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 5, 2003, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$4,567,360 (COLLECTIVELY, THE "PRIOR BONDS"); (4) SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA SRF PROGRAM), DATED _____, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$_____; AND (5) SEWER REVENUE BONDS, SERIES 2004 C (CAPITAL STATE BANK), DATED _____, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$_____. (COLLECTIVELY, THE "SERIES 2004 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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2004 Bonds, and from unexpended proceeds of this Bond. 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. 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 and unexpended proceeds of this Bond. 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 of principal of and interest, if any, on this Bond payable in any year, and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2004 Bonds; provided however, that so long as there exists in the

respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2004 Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and upon 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 SOUTH CHARLESTON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 200__.

[SEAL]

Mayor

ATTEST:

City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 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: _____, _____.

_____, as Registrar

Authorized Officer

EXHIBIT A

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 said Bond on the books kept for registration thereof with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

(FORM OF SERIES 2004 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BOND, SERIES 2004 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF SOUTH CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia in Kanawha 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) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on said EXHIBIT B.

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 Green Valley Community Public Service District (the "District"), the Authority and the DEP, dated _____, and assumed by the Issuer.

This Bond is issued to evidence the Issuer's assumption of the Green Valley Community Public Service District Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), in connection with the Issuer's acquisition of the District's sewerage system (the "Project"). 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 200__, and a Supplemental Resolution duly adopted by the Issuer on _____, 200__ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SUPPLEMENTAL SUBORDINATE SEWER REVENUE BONDS, SERIES 1986, DATED AUGUST 29, 1986, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$378,985; (2) SUBORDINATE SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$605,854; (3) SEWER REVENUE BONDS, SERIES 2003A (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 5, 2003, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$4,567,360 (COLLECTIVELY, THE "PRIOR BONDS"); (4) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED _____, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$ _____; AND (5) SEWER REVENUE BONDS, SERIES 2004 C (CAPITAL STATE BANK), DATED _____, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$ _____ (COLLECTIVELY, THE "SERIES 2004 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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2004 Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2004 B Bonds Reserve Account"), and unexpended proceeds of this Bond. 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. 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 2004 B Bonds Reserve Account and unexpended proceeds of this Bond. 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 of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2004 Bonds; provided however, that so long as there exists in the Series 2004 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2004 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 Owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and upon 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 SOUTH CHARLESTON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 200__.

[SEAL]

Mayor

ATTEST:

City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 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: _____, 200__.

_____, as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(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		\$	<u> </u>

EXHIBIT B
DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

(FORM OF SERIES 2004 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BOND, SERIES 2004 C
(CAPITAL STATE BANK)

No. CR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That, THE CITY OF SOUTH CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia in Kanawha 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 CAPITAL STATE BANK (the "Payee") or registered assigns the sum of _____ DOLLARS (\$_____), in monthly installments on the _____ day of each month, commencing _____, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference, with interest on each installment at the rate of _____% per annum, payable on the _____ day of each month, commencing _____, _____. Interest shall be calculated using an actual 30-day month/360-day year.

The principal of and interest on 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 Capital State Bank, Charleston, West Virginia (the "Paying Agent"). If any payment is made more than 10 days after the due date, the Issuer shall pay a late charge equal to 5% of the principal and interest then due, with a minimum of \$25 and a maximum of \$250.

This Bond is subject to prepayment without penalty in whole or in part at any time upon the payment of the outstanding principal and the interest accrued to the prepayment date.

This Bond is issued to evidence the Issuer's assumption of the Green Valley Community Public Service District Sewer Refunding Revenue Bonds, Series 2001 A, in connection with the Issuer's acquisition of the District's sewerage system (the "Project"). 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 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____ (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SUPPLEMENTAL SUBORDINATE SEWER REVENUE BONDS, SERIES 1986, DATED AUGUST 29, 1986, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$378,985; (2) SUBORDINATE SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$605,854; (3) SEWER REVENUE BONDS, SERIES 2003A (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 5, 2003, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$4,567,360 (COLLECTIVELY, THE "PRIOR BONDS"); (4) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED _____, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$_____; AND (5) SEWER REVENUE BONDS, SERIES 2004 C (CAPITAL STATE BANK), DATED _____, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$_____ (COLLECTIVELY, THE "SERIES 2004 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 the Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2004 Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2004 C Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2004 C Bonds Reserve Account and unexpended proceeds of this Bond. 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 this Bond, and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2004 Bonds; provided however, that so long as there exists in the Series 2004 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2004 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 owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of this Bond 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.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. This Bond is exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof under the Act.

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

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

IN WITNESS WHEREOF, THE CITY OF SOUTH CHARLESTON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 200__.

[SEAL]

Mayor

ATTEST:

City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 C 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: _____, 200__.

CAPITAL STATE BANK, as Registrar

By _____
Its Authorized Officer

EXHIBIT A
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. Approval and Ratification of District's Loan Agreement. The Loan Agreement for the District's Series 1982 Bonds and Series 2000 A Bonds, including all schedules and exhibits attached thereto, are hereby approved and ratified and incorporated into this Bond Legislation. The Series 2004 A and the Series 2004 B Bonds which are issued to replace the District's Series 1982 Bonds and Series 2000 A Bonds, respectively, shall be issued pursuant to the terms and conditions of the Loan Agreement.

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 created by the Prior Ordinance) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

- (1) Revenue Fund (created by the Prior Ordinance); and
- (2) Renewal and Replacement Fund (created by the Prior Ordinance).

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

- (1) Series 2004 A Bonds Sinking Fund (transferred from the District's Series 1982 Bonds Sinking Fund);
- (2) Series 2004 B Bonds Sinking Fund (transferred from the District's Series 2000 A Bonds Sinking Fund);
- (3) Series 2004 B Bonds Reserve Account (transferred from the District's Series 2000 A Bonds Reserve Account); and
- (4) Series 2004 C Bonds Reserve Account (transferred from the District's Series 2001 A Bonds Reserve Account).

B. The following special fund is hereby created with and shall be held by the Paying Agent of the Series 2004 C Bonds, separate and apart from all other funds or accounts of the Paying Agent or the Issuer:

- (1) Series 2004 C Bonds Sinking Fund (transferred from the District's Series 2001 A Bonds Sinking Fund).

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 Ordinance and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinance and 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, 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 (i) remit to the Commission for deposit in the Series 1999 A Bonds Sinking Fund, the amount required by the Prior Ordinance to pay the interest on the Series 1999 A Bonds; (ii) remit to the Commission for deposit in the Series 2003 A Bonds Sinking Fund, the amount required by the Prior Ordinance to pay the interest on the Series 2003 A Bonds; and (iii) remit to the Paying Agent for the Series 2004 C Bonds for deposit in the Series 2004 C Bonds Sinking Fund, the amount of interest which will become due on the Series 2004 C Bonds as set forth in the Series 2004 C Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, the amount required by the Prior Ordinance to pay the principal of the Series 1986 B Bonds; (ii) remit to the Commission for deposit in the Series 1999 A Bonds Sinking Fund, the amount required by the Prior Ordinance to pay the principal of the Series 1999 A Bonds; (iii) remit to the Commission for deposit in the Series 2003 A Bonds Sinking Fund, the amount required by the Prior Ordinance to pay the principal of the Series 2003 A Bonds; (iv) remit to the Commission for deposit in the Series 2004 A Bonds Sinking Fund, the amount of principal which will mature and become due on the Series 2004 A Bonds as set forth in the Series 2004 A Bonds; (v) remit to the Commission for deposit in the Series 2004 B Bonds Sinking Fund, the amount of principal which will mature and become due on the Series 2004 B Bonds as set forth in the Series 2004 B Bonds; and (vi) remit to the Paying Agent for the Series 2004 C Bonds for deposit in the Series 2004 C Bonds Sinking Fund, the amount of principal which will mature and become due on the Series 2004 C Bonds as set forth in the Series 2004 C Bonds.

(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 Ordinance; (ii) for deposit in the Series 1999 A Bonds Reserve Account, the amount required by the Prior Ordinance; (iii) for deposit in the Series 2003 A Bonds Reserve Account, the amount required by the Prior Ordinance; (iv) for deposit in the Series 2004 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 B Bonds Reserve Requirement; and (v) for deposit in the Series 2004 C Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 C Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 B Bonds Reserve Account or the Series 2004 C Bonds Reserve Account as long as there shall remain on deposit therein, an amount equal to the respective Reserve 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, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinance and not in addition thereto), exclusive of any payments into the Reserve Accounts. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of

determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the respective Series 2004 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2004 Bonds as the same shall become due. Moneys in the respective Series 2004 Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2004 Bonds as the same shall come due, when other moneys in the respective Series 2004 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the respective Series 2004 Bonds Sinking Fund and the Series 2004 Bonds Reserve Account shall be returned, after fully funded, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due, if any, on the Series 2004 Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the respective Series 2004 Bonds Reserve Account which result in a reduction in the balance therein to an amount below the respective Series 2004 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2004 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any 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 respective Series 2004 Bonds Sinking Fund or the Series 2004 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2004 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2004 Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the respective Series 2004 Bonds Sinking Fund and the Series 2004 Bonds Reserve Account created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority, the Issuer shall make the necessary arrangements whereby required payments into such accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates hereunder.

Moneys in the respective Series 2004 Bonds Sinking Fund and the Series 2004 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The respective Series 2004 Bonds Sinking Fund and the Series 2004 Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2004 Bonds Outstanding 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, principal and reserve account payments, 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.

C. 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), remit to the Commission the SRF Administrative Fee set forth in the Schedule Y attached to the Loan Agreement for the District's Series 2000 A Bonds.

D. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form along with a copy of its payment check to the Authority by the fifth day of each calendar month.

E. 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 shall be required by law, such excess shall be considered as Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

F. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges then due. If required by the Authority, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

H. 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.

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

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

ARTICLE VI

[RESERVED]

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 Registered Owner of the Series 2004 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2004 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 2004 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2004 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 Registered Owner of the Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2004 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 Registered Owners of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2004 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. 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 Issuer will charge the existing customers of the District the same rates and charges that are currently in effect for the District for a period of 18 months from the merger.

So long as the Series 2004 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 Series 2004 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, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance. Additionally, so long as the Series 2004 Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to 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 2004 Bonds, immediately be remitted to the Commission and the Paying Agent for deposit in the respective Series 2004 Bonds Sinking Fund, and, with the written permission of the DEP and the Authority, or in the event the Authority is no longer a Registered Owner, the Issuer shall direct the Commission and the Paying Agent to apply such proceeds to the payment of principal of and interest on the Series 2004 Bonds. Any balance remaining after the payment of the Series 2004 Bonds and interest thereon shall be remitted to the Issuer by the Commission and the Paying Agent unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and 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 2004 Bonds. All obligations issued by the Issuer after the issuance of the Series 2004 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 2004 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 2004 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2004 Bonds and the interest 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. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 Bonds pursuant to this Bond Legislation, 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 Ordinance).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 Bonds.

No such Parity Bonds shall be issued, except for the purposes of financing the costs of the design, acquisition or construction of additions, extensions, improvements or betterments to the System or refunding any Bonds outstanding, 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 City Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, 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 additional Parity Bonds, shall not be less than 115% of the largest aggregate amount which will mature or become due in any succeeding year for principal of and interest on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from 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 prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the City Clerk 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 Certified Public Accountants, 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 Registered Owners of the Bonds and the Registered Owners of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All 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 the Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2004 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 2004 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 shall 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 of the System at all reasonable times following acquisition of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following such acquisition.

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 Registered Owner of the Series 2004 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 PSC. 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 2004 Bonds, and shall mail in each year to any Registered Owner of the Series 2004 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 Accountant in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit

Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Registered Owner of the Series 2004 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2004 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 acquire the Project. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Authority 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 acquisition 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.

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 for the District's Series 2000 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2004 Bonds, equitable rates or charges for the use of and service rendered by the System shall 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 City Clerk, 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 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 Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2004 Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 2004 Bonds, including the

Prior 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 Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds, including the Prior Bonds.

Section 7.10. Operating Budget. 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 within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Registered Owner of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the DEP and any Registered Owner of such Bonds or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Operating Personnel. The Issuer shall employ qualified operating personnel properly certified by the State so long as the Series 2004 Bonds are outstanding.

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 PSC 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 PSC, 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 PSC, 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 waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a termination agreement with the provider of such water, subject to any required approval of such agreement by the PSC and all rules, regulations and orders of the PSC.

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. The Issuer hereby covenants and agrees that so long as the Series 2004 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR in compliance with the State law.

(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.

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 PSC, 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. Operation of System; Permits and Orders. The Issuer shall 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 of the Project, all orders and approvals from the PSC necessary for the acquisition of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP and the Council 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 and the DEP or other State, federal or local bodies in regard to the acquisition 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 2004 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 2004 Bonds during the term thereof is, under the terms of the Series 2004 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 2004 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 2004 Bonds during the term thereof is, under the terms of the Series 2004 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 2004 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 2004 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 2004 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 2004 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** The Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2004 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer shall 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 2004 Bonds will be and remain excludable from gross income

for federal income tax purposes, and shall 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 Laws Compliance. The Issuer shall 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).

ARTICLE VIII

INVESTMENTS; NON ARBITRAGE

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 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 if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2004 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2004 Bonds from gross income for federal income tax purposes.

Section 8.02. Non Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2004 Bonds which would cause the Series 2004 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and Regulations, and (ii) it shall take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2004 Bonds) so that the interest on the Series 2004 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Series 2004 Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Series 2004 Bonds are to be

used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt bonds (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Series 2004 Bonds are issued are not and will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations promulgated thereunder. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2004 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and Regulations from time to time in effect and applicable to the Series 2004 Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such rebate amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. The Issuer shall obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary to maintain the exclusion of interest on the Series 2004 Bonds from gross income for federal income tax purposes. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond year, a certified copy of its rebate calculation or, if the Issuer qualifies for the small issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge which would make the Series 2004 Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority,

including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2004 Bonds (as such term "gross proceeds" is defined in the Code).

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 2004 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2004 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2004 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 Bonds, and such default shall have continued for a period of 30 days after the Issuer or Board, as appropriate, shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or the Registered Owner of a Bond; or

(3) If the Issuer or Board 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 Series 2004 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 Series 2004 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 Series 2004 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2004 Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Registered Owners of the Series 2004 Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2004 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 the System and shall hold, operate and maintain, manage and control the System, 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 the System 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 the 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 Registered Owners of the Series 2004 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other 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 2004 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2004 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2004 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2004 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 2004 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2004 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 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 Owners thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2004 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 Registered Owner 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 2004 Bonds from gross income of the Registered Owners 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 2004 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. Except for the Prior Ordinance, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the 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, the City Clerk 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 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance in the form set forth in Exhibit A attached hereto and incorporated herein by reference, 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 Charleston Gazette and The Charleston Daily Mail, 2 qualified newspapers of general circulation in The City of South Charleston, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2004 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than 10 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. The Governing Body hereby determines that the abstract of this Ordinance as set forth in Exhibit A contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

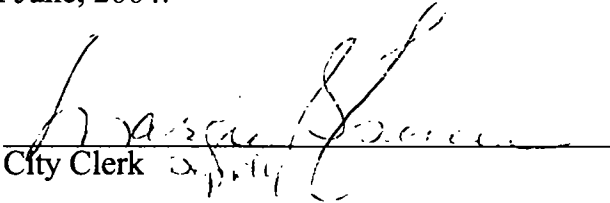
Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

CERTIFICATION

Certified a true copy of an Ordinance duly passed by the Council of THE CITY OF SOUTH CHARLESTON on June 3, 2004, and effective June 17, 2004.

Dated this 18th day of June, 2004.

[SEAL]



City Clerk



EXHIBIT A

THE CITY OF SOUTH CHARLESTON

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on June 3, 2004, the Council of The City of South Charleston (the "Issuer") adopted an ordinance which, among other things:

1. Authorized the merger and acquisition of the assets of Green Valley Community Public Service District (the "District") by the Issuer and the assumption of the District's Bonds through the issuance by the Issuer of not more than \$110,000 in aggregate principal amount of Sewer Revenue Bonds, Series 2004 A (West Virginia Water Development Authority); not more than \$1,100,000 in aggregate principal amount of Sewer Revenue Bonds Series 2004 B (West Virginia SRF Program); and not more than \$275,000 in aggregate principal amount of Sewer Revenue Bonds, Series 2004 C (Capital State Bank)(collectively, the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of a Revenue Fund and the disposition of the revenues of the System; provided for the payment of operating expenses; provided for the monthly payment of principal of and interest on the Bonds when due; provided for the creation of a Sinking Fund, a Reserve Account and a Renewal and Replacement Fund for the Bonds; and provided for the use of excess funds of the System.

4. Provided that the Bonds shall not 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 of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the Registered Owners of the Bonds to the Net Revenues of the System.

5. Provided certain conditions for the issuance of additional bonds.

6. Provided for insurance coverage on the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the Registered Owners of the Bonds.

7. Established the events of default and the remedies of the Registered Owners of the Bonds.

8. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the City of South Charleston at a regular meeting on Thursday, June 17, 2004, at 7:00 p.m., in the Council Chambers, City Hall, 4th Avenue and D Street, South Charleston, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council is on file with the City Clerk for review by interested persons during the office hours of the City Hall.

/s/ _____
City Clerk

THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 2004 B (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2004 C (CAPITAL STATE BANK)

2.3

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA SRF PROGRAM); AND SEWER REVENUE BONDS, SERIES 2004 C (CAPITAL STATE BANK), OF THE CITY OF SOUTH CHARLESTON; DESIGNATING A REGISTRAR AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of The City of South Charleston (the "Issuer") has duly and officially passed a Bond Ordinance on June 3, 2004, effective June 17, 2004 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE MERGER AND ACQUISITION OF THE ASSETS OF GREEN VALLEY COMMUNITY PUBLIC SERVICE DISTRICT AND THE ASSUMPTION OF ALL OUTSTANDING BONDS AND OTHER OBLIGATIONS OF THE DISTRICT BY THE CITY OF SOUTH CHARLESTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$110,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), NOT MORE THAN \$1,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$275,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE

BONDS, SERIES 2004 C (CAPITAL STATE BANK); 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; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Issuer's Sewer Revenue Bonds, Series 2004 A (West Virginia Water Development Authority), in an aggregate principal amount not to exceed \$110,000; Sewer Revenue Bonds, Series 2004 B (West Virginia SRF Program), in an aggregate principal amount not to exceed \$1,100,000; and Sewer Revenue Bonds, Series 2004 C (Capital State Bank), in an aggregate principal amount not to exceed \$275,000 (individually, the "Series 2004 A Bonds," the "Series 2004 B Bonds" and the "Series 2004 C Bonds," or collectively, the "Bonds" or the "Series 2004 Bonds"), all in accordance with Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are being issued to evidence the Issuer's assumption of certain outstanding bonds of Green Valley Community Public Service District (the "District"), in connection with the Issuer's acquisition of the District's sewerage system; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the assumption of the District's Bonds by the Issuer, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms 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 SOUTH CHARLESTON, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in The Charleston Gazette and The Charleston Daily Mail, 2 qualified newspapers of general circulation in the Issuer, with the first publication thereof being not less than 10 days before the day set by the Bond Ordinance and the Notice at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

(B) In accordance with the Bond Ordinance and the Notice, the City Clerk has maintained in his or her office a certified copy of the Bond Ordinance for review by interested persons during the regular office hours of such office;

(C) In council chambers, City Hall, South Charleston, West Virginia, on June 17, 2004, at 7:00 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Bond Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Bond Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Bond Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

(A) Sewer Revenue Bonds, Series 2004 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original principal amount of \$108,108.04. The Series 2004 A Bonds shall be issued to assume the District's Subordinate Sewer Revenue Bonds, Series 1982 (the "Series 1982 Bonds"), shall be dated the date of delivery, shall finally mature October 1, 2019, and shall bear no interest. The principal of the Series 2004 A Bonds shall continue to be payable annually on October 1 of each year, in the amounts set forth in the Schedule X attached to the Loan Agreement for the District's Series 1982 Bonds and incorporated in and made a part of the Series 2004 A Bonds. The Series 2004 A Bonds shall be subject to redemption upon the written consent of the Authority and upon payment of the redemption premium, if any, and

otherwise in compliance with such Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2004 A Bonds.

(B) Sewer Revenue Bonds, Series 2004 B (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the original principal amount of \$1,072,997. The Series 2004 B Bonds shall be issued to assume the District's Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program) (the "Series 2000 A Bonds"), shall be dated the date of delivery, shall finally mature March 1, 2032, and, shall bear no interest. The principal of the Series 2004 B Bonds shall continue to be payable quarterly on March 1, June 1, September 1 and December 1 of each year, in the amounts set forth in the Schedule Y attached to the Loan Agreement for the District's Series 2000 A Bonds and incorporated in and made a part of the Series 2004 B Bonds. The Issuer shall continue to pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2004 B Bonds set forth in the Schedule Y attached to such Loan Agreement. The Series 2004 B 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 such Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2004 B Bonds.

(C) Sewer Revenue Bonds, Series 2004 C (Capital State Bank), of the Issuer, originally represented by a single Bond, numbered CR-1, in the original principal amount of \$271,200.08. The Series 2004 C Bonds shall be issued to assume the District's Sewer Refunding Revenue Bonds, Series 2001 A (the "Series 2001 A Bonds"), shall be dated the date of delivery, shall finally mature September 10, 2017, shall bear interest at the rate of 5.8% per annum. The principal of and interest on the Series 2004 C Bonds shall continue to be payable on the 10th day of each month, in the amounts set forth in the Debt Service Schedule of the Series 2001 A Bonds, which is incorporated in and made a part of the Series 2004 C Bonds. If any payment is made more than 10 days after the due date, the Issuer shall pay a late charge equal to 5% of the principal and interest then due, with a minimum of \$25 and a maximum of \$250. The Series 2004 C Bonds shall be subject to prepayment without penalty in whole or in part at any time upon the payment of the outstanding principal and the interest accrued to the prepayment date.

(D) The Series 2004 Bonds are being issued to evidence the Issuer's assumption of the District's Bonds. Therefore, no bond proceeds will be received. The funds in the District's Series 2000 A Bonds Reserve Account and Series 2001 A Bonds Reserve Account shall be transferred to the Series 2004 B Bonds Reserve Account and Series 2004 C Bonds Reserve Account respectively as part of the merger and acquisition of the District's assets by the Issuer. The District is not required to have a reserve account for the Series 1982 Bonds.

(E) The assumption of the District's Bonds through the delivery of the Series 2004 Bonds to the respective Registered Owners thereof is hereby approved. The Mayor is hereby authorized and directed to execute the Series 2004 Bonds by his manual signature and attested by the City Clerk by his manual signature and the seal of the Issuer shall be impressed thereon. All other provisions relating to the Series 2004 Bonds and the text of the 2004 Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer hereby affirms all covenants and representations made in the respective Loan Agreement for the District's Series 1982 Bonds and the Series 2000 A Bonds. Both Loan Agreements are hereby assumed by the Issuer and shall remain in full force and effect and be binding on the Issuer so long as such Bonds are outstanding.

Section 4. The Issuer hereby ratifies, approves and accepts the purchase agreement dated November 20, 2003 (the "Purchase Agreement"), between the Issuer and the District, pursuant to which the Issuer will acquire all the assets of the District and assume all the bonds, obligations and liabilities of the District.

Section 5. The Issuer hereby appoints and designates Capital State Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2004 Bonds under the Bond Ordinance. The Issuer shall notify the current Registrar of the District's Bonds of the assumption of such Bonds by the Issuer.

Section 6. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Series 2004 A Bonds and the Series 2004 B Bonds and Capital State Bank as Paying Agent for the Series 2004 C Bonds under the Bond Ordinance.

Section 7. The Commission is hereby authorized to transfer all the funds in the District's Series 2000 A Bonds Reserve Account into the Issuer's Series 2004 B Bonds Reserve Account and all the funds in the District's Series 2001 A Bonds Reserve Account into the Issuer's Series 2004 C Bonds Reserve Account. Moneys in the Reserve Accounts for the Series 2004 Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 8. The Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2004 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2004 Bonds may be delivered to the respective Registered Owners on or about June 18, 2004. The Issuer hereby authorizes the Deputy City Clerk, Margie Spence, to sign all such documents and certificates on behalf of the City Clerk.

Section 9. The acquisition by merger of the District's assets and the assumption of the District's 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 10. The Issuer shall not permit at any time or times any of the proceeds of the Series 2004 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2004 Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 2004 Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code, including any regulations to be promulgated thereunder.

Section 11. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than \$5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 2004, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

Section 12. The Issuer hereby designates the Series 2004 C Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2004 C Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 in 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 2004 C Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2004.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

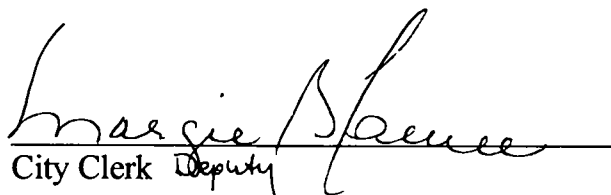
Adopted this 17th day of June, 2004.

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council
of The City of South Charleston on the 17th day of June, 2004.

Dated this 18th day of June, 2004.

[SEAL]


City Clerk Deputy

06/17/04
001793/00309



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BOND, SERIES 2004 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$108,108.04

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF SOUTH CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia in Kanawha 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 ONE HUNDRED EIGHT THOUSAND ONE HUNDRED EIGHT DOLLARS FOUR CENTS (\$108,108.04), in annual installments on October 1 of each year, commencing October 1, 2004, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between Green Valley Community Public Service District (the "District") and the Authority, dated June 9, 1982, and assumed by the Issuer.

This Bond is issued to evidence the Issuer's assumption of the Green Valley Community Public Service District Subordinate Sewer Revenue Bonds, Series 1982, in connection with the Issuer's acquisition of the District's sewerage system (the "Project"). 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 1 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly passed by the Issuer on June 3, 2004, and effective June 17, 2004, and a Supplemental Resolution duly adopted by the Issuer on June 17, 2004 (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SUPPLEMENTAL SUBORDINATE SEWER REVENUE BONDS, SERIES 1986, DATED AUGUST 29, 1986, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$378,985; (2) SUBORDINATE SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$605,854; (3) SEWER REVENUE BONDS, SERIES 2003A (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 5, 2003, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$4,567,360 (COLLECTIVELY, THE "PRIOR BONDS"); (4) SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,072,997; AND (5) SEWER REVENUE BONDS, SERIES 2004 C (CAPITAL STATE BANK), DATED JUNE 18, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$271,200.08 (COLLECTIVELY, THE "SERIES 2004 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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2004 Bonds, and from unexpended proceeds of this Bond. 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. 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 and unexpended proceeds of this Bond. 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 of principal of and interest, if any, on this Bond payable in any year, and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2004 Bonds; provided however, that so long as there exists in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2004 Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into

certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond 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.

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

NUMBER
AR-1

IN WITNESS WHEREOF, THE CITY OF SOUTH CHARLESTON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated June 18, 2004.

[SEAL]

ATTEST:

Margie S. [Signature]
City Clerk Deputy

[Signature]
Mayor

AR-1

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: June 18, 2004.

CAPITAL STATE BANK, as Registrar

Authorized Officer

AR-1

EXHIBIT A

DEBT SERVICE SCHEDULE

SPECIMEN

ISSUE: GREEN VALLEY COMMUNITY PSD 82-B SEWER REVENUE

ISSUE DATE: July 27, 1982

COUNTY: Kanawha

ORIG PRIN: \$ 250,000 INT RATE: 0% Annual DS

COUNSEL: J&K

PAYING AGENT BANK: MBC - OVB2

Pg 1 of 1

MO	YR	REMAIN PRIN	PRIN DUE	INT DUE	TOTAL DUE
OCT	1983	250,000.00	6,756.76	0.00	6,756.76
OCT	1984	243,243.24	6,756.76	0.00	6,756.76
OCT	1985	236,486.48	6,756.76	0.00	6,756.76
OCT	1986	229,729.72	6,756.76	0.00	6,756.76
OCT	1987	222,972.96	6,756.76	0.00	6,756.76
OCT	1988	216,216.20	6,756.76	0.00	6,756.76
OCT	1989	209,459.44	6,756.76	0.00	6,756.76
OCT	1990	202,702.68	6,756.76	0.00	6,756.76
OCT	1991	195,945.92	6,756.76	0.00	6,756.76
OCT	1992	189,189.16	6,756.76	0.00	6,756.76
OCT	1993	182,432.40	6,756.76	0.00	6,756.76
OCT	1994	175,675.64	6,756.76	0.00	6,756.76
OCT	1995	168,918.88	6,756.76	0.00	6,756.76
OCT	1996	162,162.12	6,756.76	0.00	6,756.76
OCT	1997	155,405.36	6,756.76	0.00	6,756.76
OCT	1998	148,648.60	6,756.76	0.00	6,756.76
OCT	1999	141,891.84	6,756.76	0.00	6,756.76
OCT	2000	135,135.08	6,756.76	0.00	6,756.76
OCT	2001	128,378.32	6,756.76	0.00	6,756.76
OCT	2002	121,621.56	6,756.76	0.00	6,756.76
OCT	2003	114,864.80	6,756.76	0.00	6,756.76
OCT	2004	108,108.04	6,756.76	0.00	6,756.76
OCT	2005	101,351.28	6,756.76	0.00	6,756.76
OCT	2006	94,594.52	6,756.76	0.00	6,756.76
OCT	2007	87,837.76	6,756.76	0.00	6,756.76
OCT	2008	81,081.00	6,756.76	0.00	6,756.76
OCT	2009	74,324.24	6,756.76	0.00	6,756.76
OCT	2010	67,567.48	6,756.76	0.00	6,756.76
OCT	2011	60,810.72	6,756.76	0.00	6,756.76
OCT	2012	54,053.96	6,756.76	0.00	6,756.76
OCT	2013	47,297.20	6,756.76	0.00	6,756.76
OCT	2014	40,540.44	6,756.76	0.00	6,756.76
OCT	2015	33,783.68	6,756.76	0.00	6,756.76
OCT	2016	27,026.92	6,756.76	0.00	6,756.76
OCT	2017	20,270.16	6,756.76	0.00	6,756.76
OCT	2018	13,513.40	6,756.76	0.00	6,756.76
OCT	2019	6,756.64	6,756.64	0.00	6,756.64
TOTAL		250,000.00		0.00	

AR-1

ASSIGNMENT

SPECIMEN

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____

the within Bond and does hereby irrevocably constitute and appoint _____,
Attorney to transfer said Bond on the books kept for registration thereof with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

M0428723.1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BOND, SERIES 2004 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1

\$1,072,997

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF SOUTH CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia in Kanawha 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 ONE MILLION SEVENTY TWO THOUSAND NINE HUNDRED NINETY SEVEN DOLLARS (\$1,072,997), 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, 2004, 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 September 1, 2004, as set forth on said EXHIBIT B.

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 Green Valley Community Public Service District (the "District"), the Authority and the DEP, dated June 14, 2000, and assumed by the Issuer.

This Bond is issued to evidence the Issuer's assumption of the Green Valley Community Public Service District Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), in connection with the Issuer's acquisition of the District's sewerage system (the "Project"). 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly passed by the Issuer on June 3, 2004, and effective June 17, 2004, and a Supplemental Resolution duly adopted by the Issuer on June 17, 2004 (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SUPPLEMENTAL SUBORDINATE SEWER REVENUE BONDS, SERIES 1986, DATED AUGUST 29, 1986, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$378,985; (2) SUBORDINATE SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$605,854; (3) SEWER REVENUE BONDS, SERIES 2003A (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 5, 2003, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$4,567,360 (COLLECTIVELY, THE "PRIOR BONDS"); (4) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$108,108.04; AND (5) SEWER REVENUE BONDS, SERIES 2004 C (CAPITAL STATE BANK), DATED JUNE 18, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$271,200.08 (COLLECTIVELY, THE "SERIES 2004 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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2004 Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2004 B Bonds Reserve Account"), and unexpended proceeds of this Bond. 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. 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 2004 B Bonds Reserve Account and unexpended proceeds of this Bond. 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 of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2004 Bonds; provided however, that so long as there exists in the Series 2004 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2004 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 Owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond 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.

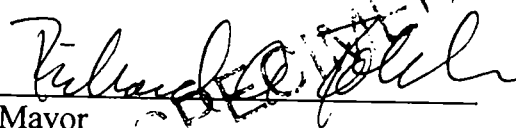
IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and upon the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, 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.

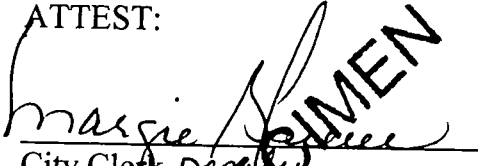
SPECIMEN

IN WITNESS WHEREOF, THE CITY OF SOUTH CHARLESTON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated June 18, 2004.

[SEAL]


 Mayor

ATTEST:

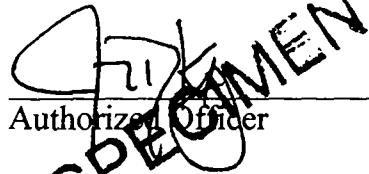

 City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 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: June 18, 2004.

CAPITAL STATE BANK, as Registrar


Authorized Officer

SPECIMEN

EXHIBIT A
RECORD OF ADVANCES

SPECIMEN

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(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 **SPECIMEN**

Green Valley Community Public Service District (West Virginia)

Loan of \$1,160,000

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: September 7, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	9,667.00	-	9,667.00
9/01/2002	9,667.00	-	9,667.00
12/01/2002	9,667.00	-	9,667.00
3/01/2003	9,667.00	-	9,667.00
6/01/2003	9,667.00	-	9,667.00
9/01/2003	9,667.00	-	9,667.00
12/01/2003	9,667.00	-	9,667.00
3/01/2004	9,667.00	-	9,667.00
6/01/2004	9,667.00	-	9,667.00
9/01/2004	9,667.00	-	9,667.00
12/01/2004	9,667.00	-	9,667.00
3/01/2005	9,667.00	-	9,667.00
6/01/2005	9,667.00	-	9,667.00
9/01/2005	9,667.00	-	9,667.00
12/01/2005	9,667.00	-	9,667.00
3/01/2006	9,667.00	-	9,667.00
6/01/2006	9,667.00	-	9,667.00
9/01/2006	9,667.00	-	9,667.00
12/01/2006	9,667.00	-	9,667.00
3/01/2007	9,667.00	-	9,667.00
6/01/2007	9,667.00	-	9,667.00
9/01/2007	9,667.00	-	9,667.00
12/01/2007	9,667.00	-	9,667.00
3/01/2008	9,667.00	-	9,667.00
6/01/2008	9,667.00	-	9,667.00
9/01/2008	9,667.00	-	9,667.00
12/01/2008	9,667.00	-	9,667.00
3/01/2009	9,667.00	-	9,667.00
6/01/2009	9,667.00	-	9,667.00
9/01/2009	9,667.00	-	9,667.00
12/01/2009	9,667.00	-	9,667.00
3/01/2010	9,667.00	-	9,667.00
6/01/2010	9,667.00	-	9,667.00
9/01/2010	9,667.00	-	9,667.00
12/01/2010	9,667.00	-	9,667.00
3/01/2011	9,667.00	-	9,667.00
6/01/2011	9,667.00	-	9,667.00
9/01/2011	9,667.00	-	9,667.00
12/01/2011	9,667.00	-	9,667.00
3/01/2012	9,667.00	-	9,667.00

SPECIMEN

Green Valley Community Public Service District (West Virginia)

Loan of \$1,160,000

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: September 7, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2012	9,667.00	-	9,667.00
9/01/2012	9,667.00	-	9,667.00
12/01/2012	9,667.00	-	9,667.00
3/01/2013	9,667.00	-	9,667.00
6/01/2013	9,667.00	-	9,667.00
9/01/2013	9,667.00	-	9,667.00
12/01/2013	9,667.00	-	9,667.00
3/01/2014	9,667.00	-	9,667.00
6/01/2014	9,667.00	-	9,667.00
9/01/2014	9,667.00	-	9,667.00
12/01/2014	9,667.00	-	9,667.00
3/01/2015	9,667.00	-	9,667.00
6/01/2015	9,667.00	-	9,667.00
9/01/2015	9,667.00	-	9,667.00
12/01/2015	9,667.00	-	9,667.00
3/01/2016	9,667.00	-	9,667.00
6/01/2016	9,667.00	-	9,667.00
9/01/2016	9,667.00	-	9,667.00
12/01/2016	9,667.00	-	9,667.00
3/01/2017	9,667.00	-	9,667.00
6/01/2017	9,667.00	-	9,667.00
9/01/2017	9,667.00	-	9,667.00
12/01/2017	9,667.00	-	9,667.00
3/01/2018	9,667.00	-	9,667.00
6/01/2018	9,667.00	-	9,667.00
9/01/2018	9,667.00	-	9,667.00
12/01/2018	9,667.00	-	9,667.00
3/01/2019	9,667.00	-	9,667.00
6/01/2019	9,667.00	-	9,667.00
9/01/2019	9,667.00	-	9,667.00
12/01/2019	9,667.00	-	9,667.00
3/01/2020	9,667.00	-	9,667.00
6/01/2020	9,667.00	-	9,667.00
9/01/2020	9,667.00	-	9,667.00
12/01/2020	9,667.00	-	9,667.00
3/01/2021	9,667.00	-	9,667.00
6/01/2021	9,667.00	-	9,667.00
9/01/2021	9,667.00	-	9,667.00
12/01/2021	9,667.00	-	9,667.00
3/01/2022	9,667.00	-	9,667.00
6/01/2022	9,666.00	-	9,666.00
9/01/2022	9,666.00	-	9,666.00
12/01/2022	9,666.00	-	9,666.00
3/01/2023	9,666.00	-	9,666.00
6/01/2023	9,666.00	-	9,666.00
9/01/2023	9,666.00	-	9,666.00

Green Valley Community Public Service District (West Virginia)

Loan of \$1,160,000

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: September 7, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2023	9,666.00	-	9,666.00
3/01/2024	9,666.00	-	9,666.00
6/01/2024	9,666.00	-	9,666.00
9/01/2024	9,666.00	-	9,666.00
12/01/2024	9,666.00	-	9,666.00
3/01/2025	9,666.00	-	9,666.00
6/01/2025	9,666.00	-	9,666.00
9/01/2025	9,666.00	-	9,666.00
12/01/2025	9,666.00	-	9,666.00
3/01/2026	9,666.00	-	9,666.00
6/01/2026	9,666.00	-	9,666.00
9/01/2026	9,666.00	-	9,666.00
12/01/2026	9,666.00	-	9,666.00
3/01/2027	9,666.00	-	9,666.00
6/01/2027	9,666.00	-	9,666.00
9/01/2027	9,666.00	-	9,666.00
12/01/2027	9,666.00	-	9,666.00
3/01/2028	9,666.00	-	9,666.00
6/01/2028	9,666.00	-	9,666.00
9/01/2028	9,666.00	-	9,666.00
12/01/2028	9,666.00	-	9,666.00
3/01/2029	9,666.00	-	9,666.00
6/01/2029	9,666.00	-	9,666.00
9/01/2029	9,666.00	-	9,666.00
12/01/2029	9,666.00	-	9,666.00
3/01/2030	9,666.00	-	9,666.00
6/01/2030	9,666.00	-	9,666.00
9/01/2030	9,666.00	-	9,666.00
12/01/2030	9,666.00	-	9,666.00
3/01/2031	9,666.00	-	9,666.00
6/01/2031	9,666.00	-	9,666.00
9/01/2031	9,666.00	-	9,666.00
12/01/2031	9,666.00	-	9,666.00
3/01/2032	9,666.00	-	9,666.00
Total	1,160,000.00	-	1,160,000.00 *

*Plus \$731 one-half percent administrative fee paid quarterly. Total fee paid over the life of the loan is \$87,720.

ASSIGNMENT

SPECIMEN

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:

M0428857.1

NUMBER
CR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BOND, SERIES 2004 C
(CAPITAL STATE BANK)

No. CR-1

\$271,200.08

KNOW ALL MEN BY THESE PRESENTS: That, THE CITY OF SOUTH CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia in Kanawha 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 CAPITAL STATE BANK (the "Payee") or registered assigns the sum of TWO HUNDRED SEVENTY ONE THOUSAND TWO HUNDRED DOLLARS EIGHT CENTS (\$271,200.08), in monthly installments on the tenth day of each month, commencing July 10, 2004, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference, with interest on each installment at the rate of 5.8% per annum, payable on the tenth day of each month, commencing July 10, 2004. Interest shall be calculated using an actual 30-day month/360-day year.

The principal of and interest on 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 Capital State Bank, Charleston, West Virginia (the "Paying Agent"). If any payment is made more than 10 days after the due date, the Issuer shall pay a late charge equal to 5% of the principal and interest then due, with a minimum of \$25 and a maximum of \$250.

This Bond is subject to prepayment without penalty in whole or in part at any time upon the payment of the outstanding principal and the interest accrued to the prepayment date.

This Bond is issued to evidence the Issuer's assumption of the Green Valley Community Public Service District Sewer Refunding Revenue Bonds, Series 2001 A, in connection with the Issuer's acquisition of the District's sewerage system (the "Project"). 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 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly passed by the Issuer on June 3, 2004, and effective June 17, 2004, and a Supplemental Resolution duly adopted by the Issuer on June 17, 2004 (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SUPPLEMENTAL SUBORDINATE SEWER REVENUE BONDS, SERIES 1986, DATED AUGUST 29, 1986, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$378,985; (2) SUBORDINATE SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$605,854; (3) SEWER REVENUE BONDS, SERIES 2003A (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 5, 2003, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$4,567,360 (COLLECTIVELY, THE "PRIOR BONDS"); (4) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JUNE 18, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$108,108.04; AND (5) SEWER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA SRF PROGRAM), DATED JUNE 18, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,072,997 (COLLECTIVELY, THE "SERIES 2004 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 the Net Revenues in favor of the registered owners of the Prior Bonds and the Series 2004 Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2004 C Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2004 C Bonds Reserve Account and unexpended proceeds of this Bond. 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 this Bond, and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2004 Bonds; provided however, that

so long as there exists in the Series 2004 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2004 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 owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of this Bond 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.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. This Bond is exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof under the Act.

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

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

CR-1

IN WITNESS WHEREOF, THE CITY OF SOUTH CHARLESTON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated June 18, 2004.

[SEAL]

Mayor

ATTEST:

City Clerk

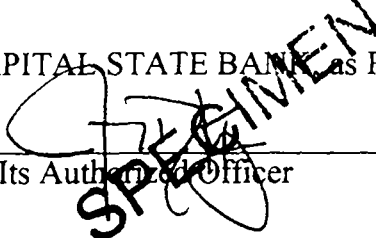
NUMBER
CR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 18, 2004.

CAPITAL STATE BANK as Registrar

By  _____
Its Authorized Officer

CR-1

EXHIBIT A

DEBT SERVICE SCHEDULE

SPECIMEN

09-07-2001

** AMORTIZATION SCHEDULE **

15:12:51

(Actual/360)

Page 1

Payment #	Date	Interest	Principal	Balance
192	09/13/01	5.8004	\$450000.00	\$450000.00
1	10/10/01	1957.50	1663.50	448336.50
2	11/10/01	2239.19	1381.81	446954.69
3	12/10/01	2160.28	1460.72	445493.97
YEAR	2001	6356.97	4506.03	445493.97
4	01/10/02	2224.99	1396.01	444097.96
5	02/10/02	2218.02	1402.98	442694.98
6	03/10/02	1997.05	1623.95	441071.03
7	04/10/02	2202.90	1418.10	439652.93
8	05/10/02	2124.99	1496.01	438156.92
9	06/10/02	2188.35	1432.65	436724.27
10	07/10/02	2110.83	1510.17	435214.10
11	08/10/02	2173.65	1447.35	433766.75
12	09/10/02	2166.42	1454.58	432312.17
13	10/10/02	2089.51	1531.49	430780.68
14	11/10/02	2151.51	1469.49	429311.19
15	12/10/02	2075.00	1546.00	427765.19
YEAR	2002	25723.22	17728.78	427765.19
16	01/10/03	2136.45	1484.55	426280.64
17	02/10/03	2129.03	1491.97	424788.67
18	03/10/03	1916.27	1704.73	423083.94
19	04/10/03	2113.07	1507.93	421576.01
20	05/10/03	2037.62	1583.38	419992.63
21	06/10/03	2097.63	1523.37	418469.26
22	07/10/03	2022.60	1598.40	416870.86
23	08/10/03	2082.04	1538.96	415331.90
24	09/10/03	2074.35	1546.65	413785.25
25	10/10/03	1999.96	1621.04	412164.21
26	11/10/03	2058.53	1562.47	410601.74
27	12/10/03	1984.58	1636.42	408965.32
YEAR	2003	24652.13	18799.87	408965.32
28	01/10/04	2042.55	1578.45	407386.87
29	02/10/04	2034.67	1586.33	405800.54
30	03/10/04	1895.99	1725.01	404075.53
31	04/10/04	2018.13	1602.87	402472.66
32	05/10/04	1945.28	1675.72	400796.94
33	06/10/04	2001.76	1619.24	399177.70
34	07/10/04	1929.36	1691.64	397486.06
35	08/10/04	1985.22	1635.78	395850.28
36	09/10/04	1977.05	1643.95	394206.33
37	10/10/04	1905.33	1715.67	392490.66
38	11/10/04	1960.27	1660.73	390829.93
39	12/10/04	1889.02	1732.99	389097.94
YEAR	2004	23584.62	19867.38	389097.94
40	01/10/05	1943.33	1677.67	387420.27
41	02/10/05	1934.95	1686.05	385734.22
42	03/10/05	1740.09	1880.91	383853.31
43	04/10/05	1917.13	1703.87	382149.44
44	05/10/05	1847.06	1773.94	380375.50
45	06/10/05	1899.76	1721.24	378654.26
46	07/10/05	1830.16	1790.84	376863.42
47	08/10/05	1882.22	1738.78	375124.64
48	09/10/05	1873.54	1747.46	373377.18
49	10/10/05	1804.66	1816.34	371560.84
50	11/10/05	1855.74	1765.26	369795.58
51	12/10/05	1787.35	1833.65	367961.93
YEAR	2005	22315.99	21136.01	367961.93
52	01/10/06	1837.77	1783.23	366178.70
53	02/10/06	1828.86	1792.14	364386.56
54	03/10/06	1643.79	1977.21	362409.35
55	04/10/06	1810.03	1810.97	360538.38
56	05/10/06	1742.89	1878.11	358720.27
57	06/10/06	1791.61	1829.39	356890.88
58	07/10/06	1724.97	1896.03	354994.85
59	08/10/06	1773.00	1848.00	353146.85
60	09/10/06	1763.77	1857.23	351289.62
61	10/10/06	1697.90	1923.10	349366.52
62	11/10/06	1744.89	1876.11	347490.41
63	12/10/06	1679.54	1941.46	345548.95
YEAR	2006	21039.02	22412.98	345548.95
64	01/10/07	1725.83	1895.17	343653.78

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9-07-2001

** AMORTIZATION SCHEDULE **

15:12:51

(Actual/360)

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SPECIME

Payment #	Date	Interest	Principal	Balance
192	09/13/01	5.8004	5450000.00	5450000.00
65	02/10/07	1716.36	1904.64	341749.14
66	03/10/07	1541.67	2079.33	339669.81
67	04/10/07	1696.46	1924.54	337745.27
68	05/10/07	1632.44	1988.56	335756.71
69	06/10/07	1676.92	1944.08	333812.63
70	07/10/07	1613.43	2007.57	331805.06
71	08/10/07	1657.18	1963.82	329841.24
72	09/10/07	1647.37	1973.63	327867.61
73	10/10/07	1584.69	2036.31	325831.30
74	11/10/07	1627.35	1993.65	323837.65
75	12/10/07	1565.22	2055.78	321781.87
YEAR	2007	19684.92	23767.08	321781.87
76	01/10/08	1607.12	2013.88	319767.99
77	02/10/08	1597.06	2023.94	317744.05
78	03/10/08	1484.57	2136.43	315607.62
79	04/10/08	1576.28	2044.72	313562.90
80	05/10/08	1515.55	2105.45	311457.45
81	06/10/08	1555.56	2065.44	309392.01
82	07/10/08	1495.39	2125.61	307266.40
83	08/10/08	1534.62	2086.38	305180.02
84	09/10/08	1524.20	2096.80	303083.22
85	10/10/08	1464.90	2156.10	300927.12
86	11/10/08	1502.96	2118.04	298809.08
87	12/10/08	1444.24	2176.76	296632.32
YEAR	2008	18302.45	25149.55	296632.32
88	01/10/09	1481.51	2139.49	294492.83
89	02/10/09	1470.83	2150.17	292342.66
90	03/10/09	1318.79	2302.21	290040.45
91	04/10/09	1448.59	2172.41	287868.04
92	05/10/09	1391.36	2229.64	285638.40
93	06/10/09	1426.61	2194.39	283444.01
94	07/10/09	1369.98	2251.02	281192.99
95	08/10/09	1404.40	2216.60	278976.39
96	09/10/09	1393.33	2227.67	276748.72
97	10/10/09	1337.62	2283.38	274465.34
98	11/10/09	1370.80	2250.20	272215.14
99	12/10/09	1315.71	2305.29	269909.85
YEAR	2009	16729.53	26722.47	269909.85
100	01/10/10	1348.05	2272.95	267636.90
101	02/10/10	1336.70	2284.30	265352.60
102	03/10/10	1197.04	2423.96	262928.64
103	04/10/10	1313.18	2307.82	260620.82
104	05/10/10	1259.67	2361.33	258259.49
105	06/10/10	1289.86	2331.14	255928.35
106	07/10/10	1236.99	2384.01	253544.34
107	08/10/10	1266.31	2354.69	251189.65
108	09/10/10	1254.55	2346.45	248823.20
109	10/10/10	1202.65	2418.35	246404.85
110	11/10/10	1230.66	2390.34	244014.51
111	12/10/10	1179.40	2441.60	241572.91
YEAR	2010	15115.06	28336.94	241572.91
112	01/10/11	1206.52	2414.48	239158.43
113	02/10/11	1194.46	2426.54	236731.89
114	03/10/11	1067.92	2553.08	234178.81
115	04/10/11	1169.59	2451.41	231727.40
116	05/10/11	1120.02	2500.98	229226.42
117	06/10/11	1144.86	2476.14	226750.28
118	07/10/11	1095.96	2525.04	224225.24
119	08/10/11	1119.88	2501.12	221724.12
120	09/10/11	1107.39	2513.61	219210.51
121	10/10/11	1059.52	2561.48	216649.03
122	11/10/11	1082.04	2538.96	214110.07
123	12/10/11	1034.87	2586.13	211523.94
YEAR	2011	13403.03	30048.97	211523.94
124	01/10/12	1056.44	2564.56	208959.38
125	02/10/12	1043.64	2577.36	206382.02
126	03/10/12	964.26	2656.74	203725.28
127	04/10/12	1017.49	2603.51	201121.77
128	05/10/12	972.09	2648.91	198472.86
129	06/10/12	991.26	2629.74	195843.12

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SPECIMEN

09-07-2001 ** AMORTIZATION SCHEDULE ** 15:12:5.

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Payment #	Date	Interest	Principal	Balance
192	09/13/01	5.800%	\$450000.00	\$450000.00
130	07/10/12	946.58	2674.42	193168.00
131	08/10/12	964.77	2656.23	190512.00
132	09/10/12	951.50	2669.50	187842.50
133	10/10/12	907.91	2713.09	185129.40
134	11/10/12	924.62	2696.38	182433.02
135	12/10/12	881.76	2739.24	179694.20
YEAR	2012	11622.32	31829.68	179694.20
136	01/10/13	897.47	2723.53	176970.70
137	02/10/13	883.87	2737.13	174233.56
138	03/10/13	785.99	2835.01	171398.55
139	04/10/13	856.04	2764.96	168633.59
140	05/10/13	815.06	2805.94	165827.65
141	06/10/13	828.22	2792.78	163034.87
142	07/10/13	788.00	2833.00	160201.87
143	08/10/13	800.12	2820.88	157381.00
144	09/10/13	786.03	2834.97	154546.03
145	10/10/13	746.97	2874.03	151672.00
146	11/10/13	757.52	2863.48	148808.52
147	12/10/13	719.24	2901.76	145906.76
YEAR	2013	9664.53	33787.47	145906.76
148	01/10/14	728.72	2892.28	143014.48
149	02/10/14	714.28	2906.72	140107.76
150	03/10/14	632.04	2988.96	137118.80
151	04/10/14	684.83	2936.17	134182.63
152	05/10/14	648.55	2972.45	131210.20
153	06/10/14	655.32	2965.68	128244.52
154	07/10/14	619.85	3001.15	125243.36
155	08/10/14	625.52	2995.48	122247.90
156	09/10/14	610.56	3010.44	119237.46
157	10/10/14	576.31	3044.69	116192.77
158	11/10/14	580.32	3040.68	113152.09
159	12/10/14	546.90	3074.10	110077.99
YEAR	2014	7623.20	35828.80	110077.99
160	01/10/15	549.78	3071.22	107006.77
161	02/10/15	534.44	3066.56	103920.21
162	03/10/15	468.80	3152.20	100768.01
163	04/10/15	503.28	3117.72	97650.29
164	05/10/15	471.98	3149.02	94501.27
165	06/10/15	478.98	3149.02	91352.25
166	07/10/15	441.54	3179.46	88172.79
167	08/10/15	440.37	3180.63	84992.16
168	09/10/15	424.49	3196.51	81795.65
169	10/10/15	395.35	3225.65	78570.00
170	11/10/15	392.41	3228.59	75341.41
171	12/10/15	364.15	3256.85	72084.56
YEAR	2015	5458.57	37993.43	72084.56
172	01/10/16	360.02	3260.98	68823.58
173	02/10/16	343.74	3277.26	65546.32
174	03/10/16	306.25	3314.75	62231.57
175	04/10/16	310.81	3310.19	58921.38
176	05/10/16	284.79	3335.21	55585.17
177	06/10/16	277.62	3343.38	52241.79
178	07/10/16	252.50	3368.50	48873.29
179	08/10/16	244.09	3376.91	45496.38
180	09/10/16	227.23	3393.77	42102.61
181	10/10/16	203.50	3417.50	38685.11
182	11/10/16	193.21	3427.79	35257.32
183	12/10/16	170.41	3450.59	31806.73
YEAR	2016	3174.17	40277.83	31806.73
184	01/10/17	158.86	3462.14	28344.59
185	02/10/17	141.57	3479.43	24865.16
186	03/10/17	112.17	3508.83	21356.33
187	04/10/17	106.66	3514.34	17841.99
188	05/10/17	86.24	3534.76	14307.23
189	06/10/17	71.46	3549.54	10757.69
190	07/10/17	52.00	3569.00	7188.69
191	08/10/17	35.90	3585.10	3603.59
192	09/10/17	18.00	3603.59	0.00
YEAR	2017	782.86	31806.73	0.00

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ASSIGNMENT

SPECIMEN

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:

M0428862.1

BOND REGISTER

2.7 (A)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BONDS, SERIES 2004 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. AR-1	\$108,108.04	June 18, 2004

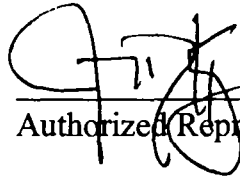
NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

Capital State Bank



Authorized Representative

06/07/04
001793/00309

M0427937.1

BOND REGISTER

2.7 (B)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BONDS, SERIES 2004 B
(WEST VIRGINIA SRF PROGRAM)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. BR-1	\$1,072,997	June 18, 2004

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

Capital State Bank



Authorized Representative

06/07/04
001793/00309

BOND REGISTER

2.7 (C)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BONDS, SERIES 2004 C
(CAPITAL STATE BANK)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. CR-1	\$271,200.08	June 18, 2004

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

Capital State Bank
2402 Mountaineer Boulevard
Charleston, WV 25309

Signature of Registrar:

Capital State Bank



Authorized Representative

06/08/04
001793/00309

THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 2004 B (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2004 C (CAPITAL STATE BANK)

3.1

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. RATES
7. INCUMBENCY AND OFFICIAL NAME
8. MEETINGS
9. INSURANCE
10. LOAN AGREEMENT
11. SPECIMEN BONDS
12. PUBLICATION AND PUBLIC HEARING ON BOND
ORDINANCE
13. LAND AND RIGHTS-OF-WAY
14. PUBLIC SERVICE COMMISSION ORDER
15. COUNTERPARTS

We, the undersigned MAYOR and the undersigned CITY CLERK of The City of South Charleston in Kanawha County, West Virginia (the "Issuer"), and the undersigned CITY ATTORNEY for the Issuer, hereby certify in connection with the above-captioned bonds (collectively, the "Bonds" or the "Series 2004 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 set forth in the Bond Ordinance duly passed by the Issuer on June 3, 2004, effective June 17, 2004, the Supplemental Resolution duly adopted by the Issuer on June 17, 2004 (collectively, the "Ordinance").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition of the District's assets or the assumption of the District's Bonds, the operation of the System, the collection or use of the Gross Revenues, or the pledge and security of the Net

Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer, the Governing Body, or the Sanitary Board to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition of the District's assets or the assumption of the District's Bonds, the operation of the System, the collection or use of the Gross Revenues, or the pledge and security of the Net Revenues for the Bonds.

3. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition of the District's assets or the assumption of the District's Bonds, the operation of the System and the issuance of the Bonds have been duly and timely obtained and 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 January 1, 2004.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2004 Bonds as to liens, pledge, source of and security for payment, being (i) the Supplemental Subordinate Sewer Revenue Bonds, Series 1986, dated August 29, 1986, issued in the original principal amount of \$378,985 (the "Series 1986 B Bonds"); (ii) the Subordinate Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated May 25, 1999, issued in the original principal amount of \$605,854 (the "Series 1999 A Bonds"); and (iii) the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated September 5, 2003, issued in the original principal amount of \$4,567,360 (the "Series 2003 A Bonds"). The Series 1986 B Bonds, the Series 1999 A Bonds and the Series 2003 A Bonds are collectively called the "Prior Bonds."

The Series 2004 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. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2004 Bonds on a parity with the Prior Bonds; and (iii) the written consent of the Registered Owners of the District's Bonds to the assumption of the District's Bonds by the Issuer and the replacement of the District's Bonds by the Series 2004 Bonds. 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.

5. **SIGNATURES AND DELIVERY:** The undersigned Mayor and City Clerk are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the

official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Mayor did officially sign all of the Bonds, consisting upon original issuance of a single Bond for each series, dated the date hereof, by his manual signature; the undersigned City Clerk did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his manual signature; and the Registrar did officially authenticate and deliver the Bonds to a representative of the respective Registered Owners of the Bonds.

6. RATES: The Issuer has duly enacted a sewer rate ordinance on July 3, 2003, setting forth the rates and charges for the services of the System. The Issuer has complied with all requirements of the Act and the Public Service Commission of West Virginia (the "PSC") to make the rates valid and effective. The time for appeal of such rate ordinance has expired and there has been no appeal thereof and such rates are in full force and effect.

Pursuant to the PSC Order entered on April 7, 2004, in Case No. 03-1973-PSD-S-PC, the Issuer shall continue to charge the existing customers of the District the rates and charges currently in effect for the District for a period of at least 18 months.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The City of South Charleston." The Issuer is a municipal corporation of the State of West Virginia in Kanawha County of said State. The Governing Body of the Issuer is its Council, consisting of 8 Council members and the Mayor. The City Clerk is the ex officio clerk of the Council. The names and dates of commencement and termination of terms of office for all such officials are listed below:

<u>Office</u>	<u>Name</u>	<u>Date Of Commencement Of Office</u>	<u>Date Of Termination Of Office</u>
Mayor	Richard A. Robb	July 1, 2003	June 30, 2007
City Clerk	Jack D. Woolwine	July 1, 2003	June 30, 2007
Council Member	James R. Holstine	July 1, 2003	June 30, 2007
Council Member	Paul Neal	July 1, 2003	June 30, 2007
Council Member	William Buckley	July 1, 2003	June 30, 2007
Council Member	Dayton S. Griffith	July 1, 2003	June 30, 2007
Council Member	Warren M. Shirkey, Sr.	July 1, 2003	June 30, 2007
Council Member	James F. Triplett	July 1, 2003	June 30, 2007
Council Member	Kenneth R. Hutchison, Jr.	July 1, 2003	June 30, 2007
Council Member	Joe A. Mayes	July 1, 2003	June 30, 2007

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

Chairman: Richard A. Robb
Member: Ralph King, P.E.
Member: Charles Gannon

The duly appointed and acting Deputy City Clerk for the Issuer is Margie Spence, who has been authorized to execute the closing documents on behalf of the City Clerk. The duly appointed and acting City Attorney for the Issuer is Melissa Newberry, Esquire, of South Charleston, West Virginia. The duly appointed and acting special PSC counsel to the Issuer is Spilman, Thomas & Battle, PLLC, Charleston, West Virginia.

8. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition of the District's assets and the assumption of the District's Bonds were authorized or adopted at meetings of the Governing Body duly and regularly or specifically called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes including Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, and a quorum of duly elected or appointed, 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. INSURANCE: All insurance for the System required by the Ordinance is in full force and effect.

10. LOAN AGREEMENT: The Loan Agreements for the District's Series 1982 Bonds and the Series 2000 A Bonds are being assumed by the Issuer in connection with the Issuer's assumption of such Bonds. Both Loan Agreements shall remain in full force and effect and be binding on the Issuer so long as such Bonds are outstanding.

11. SPECIMEN BONDS: Attached hereto as Exhibit A is a specimen of each series of the Series 2004 Bonds which are identical in all respects with the Bonds this day delivered to the Registered Owners thereof and being substantially in the forms prescribed in the Ordinance.

12. 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 Charleston Gazette and The Charleston Daily Mail, 2 qualified newspapers of general circulation in the Issuer, 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 the Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of the Governing Body on June 17, 2004, at 7:00 p.m., prevailing time, in the council chambers of the City Hall in South Charleston, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the City Clerk 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.

13. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition of all the real property of the District have been acquired by merger on the date hereof 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.

14. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the PSC Order entered on April 7, 2004, in Case No. 03-1973-PSD-S-PC, among other things, approving the purchase agreement between the Issuer and the District, the acquisition of the District's assets and the assumption of the District's Bonds by the Issuer. The time for appeal of the PSC Order has expired prior to the date hereof without any appeal having been filed. Such Order remains in full force and effect.

15. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of The City of South Charleston on this 18th day of June, 2004.

[SEAL]

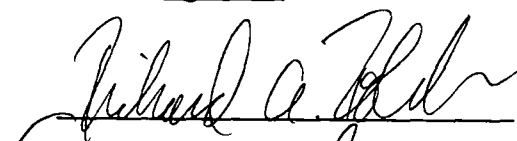
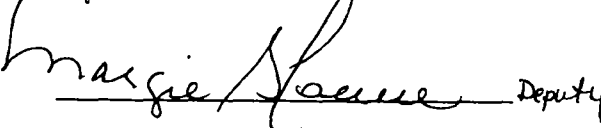
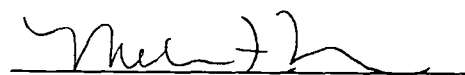
<u>Signature</u>	<u>Official Title</u>
 _____	Mayor
 _____ Deputy	City Clerk
 _____	City Attorney

EXHIBIT A

See Specimen Bonds (Tab No. 11)

06/15/04
001793/00309

THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 2004 B (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2004 C (CAPITAL STATE BANK)

3.7

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 18th day of June, 2004, by and between THE CITY OF SOUTH CHARLESTON, a municipal corporation (the "Issuer"), and CAPITAL STATE BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its (i) \$108,108.04 Sewer Revenue Bonds, Series 2004 A (West Virginia Water Development Authority), in the form of one bond, numbered AR-1, in fully registered form, (ii) \$1,072,997 Sewer Revenue Bonds, Series 2004 B (West Virginia SRF Program), in the form of one bond, numbered BR-1, in fully registered form; and (iii) \$271,200.08 Sewer Revenue Bonds, Series 2004 C (Capital State Bank), in the form of one bond, numbered CR-1, in fully registered form (collectively, the "Bonds"), pursuant to a Bond Ordinance duly passed by the Issuer on June 3, 2004, effective June 17, 2004, and a Supplemental Resolution duly adopted June 17, 2004 (collectively, the "Ordinance");

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 Ordinance, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Ordinance provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance 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 Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon

original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, 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 Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance 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 Ordinance 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 address:

ISSUER:

The City of South Charleston
P.O. Box 8597
South Charleston, WV 25303
Attention: Mayor

REGISTRAR:

Capital State Bank
2402 Mountaineer Boulevard
Charleston, WV 25309
Attention: Corporate Trust Department

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Ordinance.

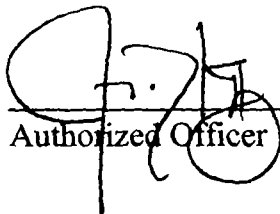
IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

THE CITY OF SOUTH CHARLESTON



Mayor

CAPITAL STATE BANK



Authorized Officer

06/08/04
001793/00309

EXHIBIT A

See Bond Ordinance (Tab No. 7)
See Supplemental Resolution (Tab No. 8)

3.8

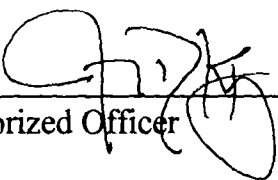
THE CITY OF SOUTH CHARLESTON
SEWER REVENUE BONDS,
SERIES 2004 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),
SERIES 2004 B (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2004 C (CAPITAL STATE BANK)

CERTIFICATE OF REGISTRATION OF BONDS

CAPITAL STATE BANK, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, (i) the single, fully registered Sewer Revenue Bonds, Series 2004 A (West Virginia Water Development Authority), of The City of South Charleston (the "Issuer"), dated June 18, 2004, in the principal amount of \$108,108.04, and numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority;" (ii) the single, fully registered Sewer Revenue Bonds, Series 2004 B (West Virginia SRF Program), of the Issuer, dated June 18, 2004, in the principal amount of \$1,072,997, and numbered BR-1, was registered as to principal only in the name of "West Virginia Water Development Authority;" and (iii) the single, fully registered Sewer Revenue Bonds, Series 2004 C (Capital State Bank), of the Issuer, dated June 18, 2004, in the principal amount of \$271,200.08, and numbered CR-1, was registered as to principal and interest in the name of "Capital State Bank;" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 18th day of June, 2004.

CAPITAL STATE BANK, as Registrar



Authorized Officer

06/08/04
001793/00309

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WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 500

8 Capitol Street, Charleston, WV 25301

(304) 558-3971

3.9 (A)

NEW ISSUE REPORT FORM

Date of Report: June 18, 2004

ISSUE: The City of South Charleston Sewer Revenue Bonds, Series 2004 A (West Virginia Water Development Authority)ADDRESS: P.O. Box 8597, South Charleston, WV 25303 COUNTY: KanawhaPURPOSE OF ISSUE: New Money _____
Refunding _____ Refunds issue(s) dated: _____
Other X (See NOTES below)ISSUE DATE: June 18, 2004 CLOSING DATE: June 18, 2004ISSUE AMOUNT: \$108,108.04 RATE: 0%1st DEBT SERVICE DUE: October 1, 2004 1st PRINCIPAL DUE: October 1, 20041st DEBT SERVICE AMOUNT: \$6,756.76 PAYING AGENT: Municipal Bond CommissionBOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: _____
Contact Person: Samme L. Gee, Esquire Contact Person: _____
Phone: (304) 340-1318 Phone: _____CLOSING BANK: Capital State Bank ESCROW TRUSTEE: _____
Contact Person: J.D. Koontz Contact Person: _____
Phone: (304) 746-4600 Phone: _____KNOWLEDGEABLE ISSUER CONTACT: OTHER: West Virginia Water Development Authority
Contact Person: Carlton Lee Contact Person: Daniel Yonkosky
Position: General Manager Function: Director
Phone: (304) 768-4140 Phone: (304) 558-3612DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____
Capitalized Interest: \$ _____
By _____ Wire _____ Reserve Account: \$ _____
_____ Check _____ Other: _____ \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer: \$ _____
_____ IGT _____ To Cons. Invest. Fund \$ _____
_____ To Other: _____ \$ _____NOTES: This Bond is issued to evidence the assumption of the Green Valley Community Public Service District Subordinate Sewer Revenue Bonds, Series 1982. The original debt service schedule will remain the same and payments will continue to be made in accordance thereunder. The funds in the District's Series 1982 Bonds Sinking Fund shall be transferred into The City of South Charleston's Series 2004 A Bonds Sinking Fund.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____

06/15/04

001793/00309

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WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 500

8 Capitol Street, Charleston, WV 25301

(304) 558-3971

3.9(B)

NEW ISSUE REPORT FORM

Date of Report: June 18, 2004

ISSUE: The City of South Charleston Sewer Revenue Bonds, Series 2004 B (West Virginia SRF Program)ADDRESS: P.O. Box 8597, South Charleston, WV 25303 COUNTY: KanawhaPURPOSE OF ISSUE: New Money ☐Refunding ☐

Refunds issue(s) dated: _____

Other ☐☒ (See NOTES below)ISSUE DATE: June 18, 2004CLOSING DATE: June 18, 2004ISSUE AMOUNT: \$1,072,997RATE: 0%; Administrative Fee: 0.5%1st DEBT SERVICE DUE: September 1, 20041st PRINCIPAL DUE: September 1, 20041st DEBT SERVICE AMOUNT: \$9,667PAYING AGENT: Municipal Bond CommissionBOND COUNSEL: Jackson Kelly PLLC

UNDERWRITERS COUNSEL: _____

Contact Person: Samme L. Gee, Esquire

Contact Person: _____

Phone: (304) 340-1318

Phone: _____

CLOSING BANK: Capital State Bank

ESCROW TRUSTEE: _____

Contact Person: J.D. Koontz

Contact Person: _____

Phone: (304) 746-4600

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT: _____

OTHER: WVDEPContact Person: Carlton LeeContact Person: Rosalie BrodersenPosition: General ManagerFunction: Program ManagerPhone: (304) 768-4140Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE: _____

Accrued Interest: \$ _____

By _____ Wire _____

Capitalized Interest: \$ _____

_____ Check _____

Reserve Account: \$ _____

Other: _____ \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire _____

To Escrow Trustee: \$ _____

_____ Check _____

To Issuer: \$ _____

_____ IGT _____

To Cons.Invest.Fund \$ _____

To Other: _____ \$ _____

NOTES: This Bond is issued to evidence the assumption of the Green Valley Community Public Service District Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program). The original debt service schedule will remain the same and payments will continue to be made in accordance thereunder. The funds in the District's Series 2000 A Bonds Sinking Fund and Series 2000 A Bonds Reserve Account shall be transferred into The City of South Charleston's Series 2004 B Bonds Sinking Fund and Series 2004 B Bonds Reserve Account.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____

06/15/04

001793/00309

M0427968.1

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 500

8 Capitol Street, Charleston, WV 25301

(304) 558-3971

3.9(C)

NEW ISSUE REPORT FORM

Date of Report: June 18, 2004

ISSUE: The City of South Charleston Sewer Revenue Bonds, Series 2004 C (Capital State Bank)ADDRESS: P.O. Box 8597, South Charleston, WV 25303 COUNTY: KanawhaPURPOSE OF ISSUE: New Money _____
Refunding _____ Refunds issue(s) dated: _____
Other X (See NOTES below)ISSUE DATE: June 18, 2004 CLOSING DATE: June 18, 2004ISSUE AMOUNT: \$271,200.08 RATE: 5.8 %1st DEBT SERVICE DUE: N/A 1st PRINCIPAL DUE: N/A1st DEBT SERVICE AMOUNT: N/A PAYING AGENT: Capital State BankBOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: _____
Contact Person: Samme L. Gee, Esquire Contact Person: _____
Phone: (304) 340-1318 Phone: _____CLOSING BANK: Capital State Bank ESCROW TRUSTEE: _____
Contact Person: J. D. Koontz Contact Person: _____
Phone: (304) 746-4600 Phone: _____KNOWLEDGEABLE ISSUER CONTACT: OTHER: _____
Contact Person: Carlton Lee Contact Person: _____
Position: General Manager Function: _____
Phone: (304) 768-4140 Phone: _____DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____
By _____ Wire _____ Capitalized Interest: \$ _____
_____ Check _____ Reserve Account: \$ _____
_____ Other: _____ \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer: \$ _____
_____ IGT _____ To Cons. Invest. Fund \$ _____
_____ To Other: _____ \$ _____NOTES: This Bond is issued to evidence the assumption of the Green Valley Community Public Service District Sewer Refunding Revenue Bonds, Series 2001 A. The original debt service schedule will remain the same and payments will continue to be made directly to Capital State Bank in accordance thereunder. The funds in the District's Series 2001 A Bonds Reserve Account shall be transferred into the City of South Charleston's Series 2004 C Bonds Reserve Account.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____



June 18, 2004

The City of South Charleston
P.O. Box 8597
South Charleston, WV 25303

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

Re: The City of South Charleston
Sewer Revenue Bonds, Series 2004 A
(West Virginia Water Development Authority)

Ladies and Gentlemen:

We have served as bond counsel to The City of South Charleston ("the Issuer"), a municipal corporation, in connection with the issuance of its Sewer Revenue Bonds, Series 2004 A (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement dated June 9, 1982, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between Green Valley Community Public Service District (the "District") and the West Virginia Water Development Authority (the "Authority"), in connection with the District's Subordinate Sewer Revenue Bonds, Series 1982 (the "Series 1982 Bonds") and (ii) the Bonds issued by the Issuer to evidence the assumption of the District's Series 1982 Bonds in connection with the Issuer's acquisition of the District's sewerage system, pursuant to the purchase agreement dated November 20, 2003 (the "Purchase Agreement"), by and between the Issuer and the District. The Bonds are issued in the principal amount of \$108,108.04, in the form of one bond, registered as to principal only to the Authority. The principal of the Bonds shall continue to be payable annually on October 1 of each year, all as set forth in the Schedule X attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16,

M0428127.1

Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), to evidence the Issuer's assumption of the District's Series 1982 Bonds.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on June 3, 2004, effective June 17, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 17, 2004 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been assumed by the Issuer. 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 Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and in the Loan Agreement when used herein.

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

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire the District's assets and assume the District's Series 1982 Bonds, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly assumed by the Issuer and is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof.

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

4. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the assumption of the District's Series 1982 Bonds and the issuance of the Bonds to replace the Series 1982 Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bonds and the Ordinance.

6. Under the Act, the Bonds and any interest thereon are 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, if any, thereon 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.

8. The Purchase Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding agreement of the Issuer, enforceable in accordance with the terms thereof.

No opinion is given herein as to the effect upon enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity 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,

A handwritten signature in black ink that reads "Jack Kelly, LLC". The signature is written in a cursive, flowing style.

06/15/04
001793/00309

June 18, 2004

The City of South Charleston
P.O. Box 8597
South Charleston, WV 25303

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

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

Re: The City of South Charleston
Sewer Revenue Bonds, Series 2004 B
(West Virginia SRF Program)

Ladies and Gentlemen:

We have served as bond counsel to The City of South Charleston ("the Issuer"), a municipal corporation, in connection with the issuance of its Sewer Revenue Bonds, Series 2004 B (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement dated June 14, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among Green Valley Community Public Service District (the "District"), the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), in connection with the District's Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program) (the "Series 2000 A Bonds") and (ii) the Bonds issued by the Issuer to evidence the assumption of the District's Series 2000 A Bonds in connection with the Issuer's acquisition of the District's sewerage system, pursuant to the purchase agreement dated November 20, 2003 (the "Purchase Agreement"), by and between the Issuer and the District. The Bonds are issued in the principal amount of \$1,072,997, in the form of one bond, registered as to principal only to the Authority. The principal of the Bonds shall continue to be payable

M0428129.1

quarterly on March 1, June 1, September 1, and December 1 of each year, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall continue to be subject to the SRF Administrative Fee equal to 1% of the principal amount of the Bonds as set forth in the Schedule Y attached to the Loan Agreement.

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 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), to evidence the Issuer's assumption of the District's Series 2000 A Bonds.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on June 3, 2004, effective June 17, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 17, 2004 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been assumed by the Issuer. 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 Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and in the Loan Agreement when used herein.

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

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire the District's assets and assume the District's Series 2000 A Bonds, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been assumed by the Issuer and is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof.

3. The Loan 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 Issuer without the written consent of the Authority and the DEP.

4. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the assumption of the District's Series 2000 A Bonds and the issuance of the Bonds to replace the Series 2000 A Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bonds and the Ordinance.

6. Under the Act, the Bonds and any interest thereon are 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, if any, thereon 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.

8. The Purchase Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding agreement of the Issuer, enforceable in accordance with the terms thereof.

No opinion is given herein as to the effect upon enforceability of the Bonds

The City of South Charleston
West Virginia Department of Environmental Protection
West Virginia Water Development Authority
June 18, 2004
Page 4

under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity 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,

A handwritten signature in black ink that reads "Josh Kelly PLLC". The signature is written in a cursive, flowing style.

06/15/04
001793/00309



1600 LAIDLEY TOWER • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

5.1 (C)

June 18, 2004

The City of South Charleston
P.O. Box 8597
South Charleston, WV 25303

Capital State Bank
2402 Mountaineer Boulevard
Charleston, WV 25309

Re: The City of South Charleston
Sewer Revenue Bonds, Series 2004 C
(Capital State Bank)

Ladies and Gentlemen:

We have served as bond counsel to The City of South Charleston (“the Issuer”), a municipal corporation, in connection with the issuance of its Sewer Revenue Bonds, Series 2004 C (Capital State Bank), dated the date hereof (the “Bonds”).

We have examined certified copies of proceedings and other papers relating to the authorization of the Bonds issued by the Issuer to evidence the assumption of the Sewer Refunding Revenue Bonds, Series 2001 A (the “Series 2001 A Bonds”), of Green Valley Community Public Service District (the “District”), in connection with the Issuer’s acquisition of the District’s sewerage system, pursuant to the purchase agreement dated November 20, 2003 (the “Purchase Agreement”), by and between the Issuer and the District. The Bonds are issued in the principal amount of \$271,200.08, in the form of one bond, registered as to principal and interest to Capital State Bank, with interest at the rate of 5.8% per annum. The principal of and interest on the Bonds shall continue to be payable on the 10th day of each month, all as set forth in the debt service schedule attached to and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16,

M0428132.1

The City of South Charleston
Capital State Bank
June 18, 2004
Page 2

Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), to evidence the Issuer's assumption of the District's Series 2001 A Bonds.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on June 3, 2004, effective June 17, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 17, 2004 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued. 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 Ordinance and the Bonds. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance when used herein.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire the District's assets and assume the District's Series 2001 A Bonds, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the assumption of the District's Series 2001 A Bonds and the issuance of the Bonds to replace the Series 2001 A Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. 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 respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bonds and the Ordinance.

4. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be and continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such Code requirements or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

6. The Purchase Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding agreement of the Issuer, enforceable in accordance with the terms thereof.

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

The City of South Charleston
Capital State Bank
June 18, 2004
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We have examined the executed and authenticated Bond numbered CR-1 and in our opinion, the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

A handwritten signature in black ink that reads "Jack Kelly PLLC". The signature is written in a cursive, flowing style.

06/15/04
001793/00309



Richard A. Robb, Mayor

The City of South Charleston

P.O. Box 8597

South Charleston, West Virginia 25303

Phone: (304) 744-5301

Fax: (304) 744-6587

June 18, 2004

The City of South Charleston
P.O. Box 8597
South Charleston, WV 25303

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

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

Capital State Bank
2402 Mountaineer Boulevard
Charleston, WV 25309

Jackson Kelly PLLC
P. O. Box 553
Charleston, WV 25322

Re: The City of South Charleston
Sewer Revenue Bonds,
Series 2004 A (West Virginia Water Development
Authority),
Series 2004 B (West Virginia SRF Program) and
Series 2004 C (Capital State Bank)

Ladies and Gentlemen:

I am City Attorney for The City of South Charleston in Kanawha County, West Virginia (the "Issuer"), in connection with the acquisition of all the assets of Green Valley Community Public Service District (the "District") and the assumption of all the bonds,

The City of South Charleston
West Virginia Department of Environmental Protection
West Virginia Water Development Authority
Capital State Bank
Jackson Kelly PLLC
June 18, 2004
Page 2

obligations and liabilities of the District by the Issuer. As such City Attorney, I have examined copies of the approving opinions of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a loan agreement dated June 9, 1982, including all schedules and exhibits attached thereto, by and between the District and the West Virginia Water Development Authority (the "Authority"), and a loan agreement dated June 14, 2000, including all schedules and exhibits attached thereto, by and among the District, the Authority and the West Virginia Department of Environmental Protection (the "DEP") (collectively, the "Loan Agreement"), a Bond Ordinance duly passed by the Issuer on June 3, 2004, effective June 17, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 17, 2004 (collectively, the "Ordinance"), a Petition of the Sanitary Board duly adopted on May 18, 2004, a purchase agreement dated November 20, 2003 (the "Purchase Agreement"), by and between the Issuer and the District, and other documents relating to the Bonds. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Loan Agreement and the Ordinance when used herein.

I am of the opinion that:

1. 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 the District's assets and assume the District's Bonds, to operate and maintain the System and to enact the Ordinance, all under the Act and other applicable provisions of law. The Sanitary Board has been duly created by the Issuer and is presently existing as a sanitary board under the Act.
2. The Loan Agreement has been assumed by the Issuer and constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.
3. The Mayor, City Clerk and members of the Council and the Sanitary Board of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

The City of South Charleston
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June 18, 2004
Page 3

4. The Ordinance has been duly adopted and enacted by the Issuer and is in full force and effect.

5. The Purchase Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding agreement of the Issuer, enforceable in accordance with the terms thereof.

6. The execution and delivery of the Bonds and the assumption of the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement, the Purchase Agreement and the Ordinance, 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 or default under any ordinance, resolution, order, agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

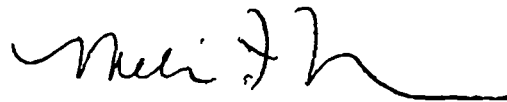
7. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition of the District's assets, the assumption of the District's Bonds, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

8. 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 Loan Agreement, the Purchase Agreement, the Bonds and the Ordinance, the acquisition of the District's assets, the assumption of the District's Bonds, the operation of the System, the validity of the Bonds, the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bonds.

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

The City of South Charleston
West Virginia Department of Environmental Protection
West Virginia Water Development Authority
Capital State Bank
Jackson Kelly PLLC
June 18, 2004
Page 4

Very truly yours,

A handwritten signature in black ink, appearing to read "Melissa F. Newberry", with a long horizontal flourish extending to the right.

Melissa F. Newberry
CITY ATTORNEY

06/15/04
001793/00309

 SPILMAN THOMAS & BATTLE, PLLC
ATTORNEYS AT LAW

June 18, 2004

The City of South Charleston
P.O. Box 8597
South Charleston, WV 25303

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

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

Capital State Bank
2402 Mountaineer Boulevard
Charleston, WV 25309

Jackson Kelly PLLC
P. O. Box 553
Charleston, WV 25322

Re: The City of South Charleston
Sewer Revenue Bonds,
Series 2004 A (West Virginia Water Development Authority),
Series 2004 B (West Virginia SRF Program) and
Series 2004 C (Capital State Bank)

Ladies and Gentlemen:

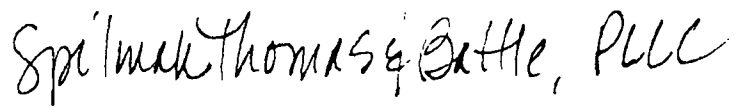
We are special counsel to the City of South Charleston (the "Issuer") and its Sanitary Board in connection with certain matters before the Public Service Commission of West Virginia (the "PSC"). As such counsel, we are of the opinion that the Issuer has received the Recommended Decision entered on April 7, 2004 in Case No. 03-1973-PSD-S-PC, which became a Final Order of the PSC on April 18, 2004 (the "PSC Order"), approving the purchase agreement between the Issuer and Green Valley Community Public Service District (the "District"), the acquisition of all the assets of the District and the assumption of all bonds, obligations and liabilities of the District by the Issuer. The time for appeal of the

The City of South Charleston, et al.
June 18, 2004
Page 2

PSC Order has expired prior to the date hereof without any appeal having been filed. The PSC Order remains in full force and effect.

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

Very truly yours,


Spilman Thomas & Battle, PLLC

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JAMES V. KELSH
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CHARLESTON, WEST VIRGINIA 25337

June 18, 2004

AREA CODE 304
343-1654

FACSIMILE
343-1657

Green Valley Community Public Service District
P.O. Box 8497
South Charleston, WV 25303

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Charleston, WV 25322

Re: The City of South Charleston
Sewer Revenue Bonds,
Series 2004 A (West Virginia Water Development Authority),
Series 2004 B (West Virginia SRF Program) and
Series 2004 C (Capital State Bank)

Ladies and Gentlemen:

I am counsel to Green Valley Community Public Service District in Kanawha County, West Virginia (the "District"), in connection with the acquisition of all the District's assets and the assumption of all the District's bonds, obligations and

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The City of South Charleston
West Virginia Department of Environmental Protection
West Virginia Water Development Authority
Capital State Bank
Jackson Kelly PLLC
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liabilities by The City of South Charleston (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a purchase agreement dated November 20, 2003 (the "Purchase Agreement"), between the Issuer and the District, a Resolution duly adopted by the District on April 27, 2004, approving the transfer of all its assets and liabilities to the Issuer (the "Resolution"), and the order of The County Commission of Kanawha County approving the transfer of the District's assets and liabilities to the Issuer.

I am of the opinion that:

1. The District is duly and legally created and validly existing as a public service district, public corporation and political subdivision of the State of West Virginia, and the members and officers of the Board of the District have been duly and properly appointed and elected, have taken the requisite oaths and are thereby authorized to act on behalf of the District in their respective capacities.
2. The Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Issuer, constitutes a valid and binding agreement of the District, enforceable in accordance with its terms.
3. The Resolution has been duly adopted by the Board and is in full force and effect.
4. The execution and delivery of the Purchase Agreement and the consummation of the transactions contemplated by the Purchase Agreement and the Resolution, 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 District, a breach of or default under any resolution, order, agreement or other instrument to which the District is a party or by which the District or its properties are bound or any existing law, regulation, court order or consent decree to which the District is subject.
5. The District has received all approvals, consents, exemptions, orders, certificates and authorizations necessary for the transfer of the District's assets and liabilities to the Issuer, including, without limitation, the order of The County

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Commission of Kanawha County approving the transfer of the District's assets and liabilities to the Issuer and the order of the Public Service Commission of West Virginia (the "PSC"), entered on April 7, 2004, in Case No. 03-1973-PSD-S-PC, approving the Purchase Agreement, the acquisition of the District's assets and the assumption of the District's bonds and liabilities by the Issuer. The time for appeal of the PSC order has expired prior to the date hereof without any appeal having been filed. The PSC 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 Purchase Agreement, the Bonds and the Resolution, the acquisition of the District's assets and the assumption of the District's bonds and liabilities by the Issuer.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Robert R. Rodecker". The signature is fluid and cursive, with the first name "Robert" and last name "Rodecker" clearly distinguishable.

Robert R. Rodecker
WV State Bar No. 3145