$1,840,000
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BONDS
SERIES 1996 A

2nd draft
Change coverage 125%
changes Section 4.01

CITY OF WILLIAMSON

REFUNDING BOND ORDINANCE

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF WILLIAMSON WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 1996 A, FOR THE PURPOSE OF DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF THE CITY OF WILLIAMSON DESIGNATED AS CITY OF WILLIAMSON WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 1986 A; AUTHORIZING THE DEFEASANCE OF CERTAIN OUTSTANDING WATERWORKS AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF WILLIAMSON; AUTHORIZING THE ISSUANCE OF A SERIES OF WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS OF SAID CITY OF WILLIAMSON IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $2,000,000, WHICH, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE CITY OF WILLIAMSON MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSE, TO MAKE PROVISION FOR SUCH REFUNDING; AUTHORIZE AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REVENUE BONDS; FUND A RESERVE ACCOUNT FOR THE REFUNDING BONDS AND PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

Be It Ordained by the City Council of Williamson, West Virginia:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The City of Williamson, West Virginia (the "City"), now owns a combined waterworks and sewerage system (the "System"), both within and without the corporate limits of the City, consisting of a water treatment plant, distribution lines, pumps, storage tanks, sewage treatment plant or plants and its collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations and ejector stations and all other appurtenances, extensions, improvements and betterments necessary, appropriate, useful, convenient or incidental for the treatment, and distribution of water and the collection, treatment and disposal in a sanitary manner of sanitary sewage and industrial wastes.

B. In accordance with Section 18 of the Act, the System is under the supervision and control of the Utility Board of the City (the "Utility Board").

C. The acquisition and construction of the System were financed in part by the proceeds of prior bond and note issues of the City, including $2,200,000 in original principal amount of

Waterworks and Sewer Revenue Bonds of 1979 (the "1979 Bonds"), which are secured by a first lien on the net revenues of the System; $1,402,664 in original principal amount of Waterworks and Sewer Revenue Bonds, Series 1986 A (the "1986 Series A Bonds"), which are secured by a first lien on the net revenues of the System; $698,295 in original principal amount of Waterworks and Sewer Revenue Bonds, Series 1986 B (the "1986 Series B Bonds"), which are secured by a second and junior lien on the net revenues of the System; and $1,800,000 in original principal amount of Waterworks and Sewer Revenue Bonds, Series 1986 C (the "1986 Series C Bonds"), which are secured by a first lien on the net revenues of the System.

D. The 1979 Bonds are currently outstanding in the aggregate principal amount of $1,863,919, the 1986 Series A Bonds are currently outstanding in the aggregate principal amount of $1,356,132, the 1986 Series B Bonds are currently outstanding in the aggregate principal amount of $551,285,and the 1986 Series C Bonds are currently outstanding in the aggregate principal amount of $1,593,151.

E. The City derives revenues from the System, and, except for the pledges thereof to secure and pay the 1979 Bonds, the 1986 Series A Bonds, the 1986 Series B Bonds and the 1986 Series C Bonds, said revenues are not pledged or encumbered in any manner.

F. The City may now refund the 1986 Series A Bonds at a savings to the City and, therefore, such refunding is in the best interests of the City.

G. The 1986 Series A Bonds will be refunded with the proceeds of the Series 1996 A Bonds, together with funds of the City made available by the refunding of the 1986 Series A Bonds.

H. After the issuance of the Series 1996 A Bonds, the 1979 Bonds and the 1986 Series C Bonds will be secured by a shared first lien on the net revenues of the System, and the 1986 Series B Bonds and the 1996 Series A Bonds will be secured by a shared second and junior lien on the net revenues of the System.

I. The estimated revenues to be derived in each year after the enactment of this Ordinance from the operation of said System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of, interest on, and any other charges required to paid in connection with the 1979 Bonds, the 1986 Series C Bonds, the 1986 Series B Bonds, the principal of and interest on the Bonds authorized to be issued pursuant to this Ordinance and all sinking fund, reserve account and other payments provided for in this Ordinance.

J. The Series 1996 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth herein with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the City.

K. All things necessary to make the Series 1996 A Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the City according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 1996 A Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 1996 A Bonds, subject to the terms thereof, will not result in any breach of, nor constitute a default under, any instrument to which the City is a party or by which it may be bound or affected.

M. The City is a governmental unit with general taxing powers.

N. The Series 1996 A Bonds are not private activity bonds as defined in the Code.

O. Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Series 1996 A Bonds will be used for local governmental activities of the City.

P. The City shall not permit at any time any of the proceeds of the Bonds or other funds of the City to be used directly or indirectly in any manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

Q. The City will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

R. The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code.

S. It is deemed necessary for the City to issue its Series 1996 A Bonds to refund the 1986 Series A Bonds.

Section 1.03. Ordinance Constitutes a Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and such Bondholders, and the covenants and agreements herein set forth to be performed by said City shall be for the equal benefit, protection and security of the legal holders of any and all of such Bonds issued hereunder, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond 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 in this Ordinance unless the context expressly required otherwise:

"Act" shall mean Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

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

Authorized Officer" shall mean the Mayor of the City or any other officer of the City specifically designated by resolution of the City Council.

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

"Bond Register" shall mean the books of the City maintained by the Registrar for the registration and transfer of the Bonds.

"Bonds" shall mean the City of Williamson Waterworks and Sewer Revenue Refunding Bonds, Series 1996 A Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

"Bond Year" shall mean the twelve 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.

"Certificate of Authentication and Registration" shall mean the Certificate of Authentication and Registration on the Series 1996 A Bonds, substantially in the form set forth herein.

"City" shall mean The City of Williamson, a municipal corporation of the State of West Virginia, and, where appropriate, the City Council and/or Utility Board of the City.

"City Clerk" shall mean the Clerk or Recorder of the City.

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

"Closing Date" shall mean the date or dates upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

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

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

"Consulting Engineers" shall mean a firm of registered professional engineers selected by the Board to provide consulting services with respect to the acquisition and construction of additions, improvements and betterments to the System.

"Costs of Issuance" shall mean those costs of issuing Bonds, including, but not limited to, legal, accounting, fiscal agent fees and expenses and other fees and expenses in connection therewith.

"Costs of Issuance Account" shall mean the account of that name created pursuant to Section 5.02 hereof.

"Depository Bank" shall mean the bank or banks to be designated as such in the Supplemental Resolution.

"DTC" shall mean The Depository Trust Company, New York, New York.

"DTC Eligible" shall mean Bonds meeting the qualifications prescribed by The Depository Trust Company, New York, New York.

"Escrow Agreement" shall mean the separate agreement between the City, the Commission and an escrow trustee, substantially in the form of the agreement attached hereto as Exhibit B and by this reference made a part hereof, relating to the refunding or defeasance of the 1986 Series A Bonds.

"Escrow Fund" shall mean the fund created by Paragraph 2 of the Escrow Agreement.

"Event of Default" shall mean any occurrence or events specified in Section 7.01 hereof.

"FDIC" shall mean the Federal Deposit Insurance Corporation or any successor to the function of the FDIC.

"Fiscal Year" shall mean each twelve month period beginning on July 1 and ending on the succeeding June 30.

"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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Independent Accountants" shall mean any certified public accountant or firm of certified public accountants which shall be retained by the City as independent accountants for the System.

"Mayor" means the Mayor of the City.

"Net Proceeds" shall mean the face amount of the Bonds, plus accrued interest or premium, if any, less Original Issue Discount, if any, and less proceeds deposited in the Reserve Account, if any.

"Net Revenues" shall mean Revenues less Operating Expenses.

"Operating Expenses," unless qualified, shall mean the current expenses, paid or accrued, of repair, operation and maintenance of the System (excluding depreciation) and includes, without limiting the generality of the foregoing, insurance premiums, supplies, labor, wages, the cost of materials and supplies used for current operations, administrative expenses of the City or the Utility Board relating and chargeable to the System and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting practices.

"Original Purchaser" shall mean that investment banking firm or other entity designated as such in a Supplemental Resolution.

"Outstanding" when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the Registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.05; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the City.

"Participant" shall mean the person or entity registered as such with the Depository Trust Company.

"Paying Agent" shall mean an Paying agent for the Bonds appointed by a resolution supplemental hereto.

"Prior Bonds" or "1986 Series A Bonds" shall mean the City's Sewer Revenue Bonds, Series 1986 A, dated May 28, 1986, issued in the original principal amount of $1,402,664 and currently outstanding in the principal amount of $1,356,132.

"Prior Bonds Redemption Date" shall mean the date or dates established by a Supplemental Resolution for the redemption of the Prior Bonds.

"Prior Ordinance" shall mean the Ordinance enacted by the City Council on April 24, 1986, as amended and supplemented, authorizing the issuance of the Prior Bonds.

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

"Qualified Investments" shall mean and include any of the following:

(a) Government Obligations;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

Export - Import Bank
Farmers Home Administration
General Services Administration
U. S. Maritime Administration
Small Business Administration
Government National Mortgage Association (GNMA)
U. S. Department of Housing & Urban Development (PHA's)
Federal Housing Administration;

(c) bonds notes or other evidences of indebtedness rated "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's Investor Services, Inc., issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(d) U. S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investor Services, Inc. and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(e) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investor Services, Inc. and which matures not more than 270 days after the date of purchase;

(f) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's Corporation; and

(g) pre-refunded municipal obligations defined as follows:

Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on the escrow, in the highest rating category of Standard & Poor's Corporation and Moody's Investor Services, Inc. or any successors thereto; or (B)(i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (a) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

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

"Redemption Price" shall mean such amount as is established in a Resolution supplemental hereto.

"Refunding Bonds" or "Series 1996 A Bonds" shall mean the Waterworks and Sewer Refunding Revenue Bonds, Series 1996 A, of the City originally authorized to be issued pursuant to this Ordinance.

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Bonds, and any successor thereto.

"Regulations" shall mean temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1986, as amended.

"Renewal and Replacement Fund" shall mean the fund created by Section 4.01 hereof.

"Representation Letter" shall mean the Letter Agreement among the City, DTC and the Paying Agent.

"1996 Series A Bonds Reserve Account" shall mean the account in the Sinking Fund, as hereinafter defined, created by Section 4.01 hereof.

"Reserve Account Requirement" shall mean the maximum amount of principal and interest which will mature and come due on the Bonds in the then current or any succeeding Fiscal Year.

"Revenue Fund" shall mean the fund created by Section 4.01 hereof.

"Revenues" shall mean all rates, rents, fees, charges or other income received by or accrued to the Utility Board from the operation of the System, as calculated in accordance with generally accepted accounting practices.

"Sinking Fund" shall mean the fund created by Section 4.01 hereof.

"Supplemental Resolution" shall mean any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 1996 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" shall mean the complete existing combined waterworks and sewerage system now owned by the City, both within and without the corporate limits of the City, consisting of a water treatment plant, pumps, distribution lines, sewage treatment plant or plants collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations and ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental to the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes, and shall include any extensions, improvements and betterments thereto hereafter acquired or constructed for said combined waterworks and sewerage system from any sources whatsoever.

"Utility Board" shall mean the Utility Board of the City as now or hereafter constituted or any other agency, department or instrumentality of the City which shall at any time have jurisdiction, possession or control of the System or the management and operation thereof.

"Value," which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times); the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the City in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; and

(c) as to certificates of deposit and bankers acceptances; the face amount thereof, plus accrued interest.

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

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

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

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

ARTICLE II

AUTHORIZATION FOR REFUNDING PRIOR BONDS

Section 2.01. Authorization for Refunding Prior Bonds. The 1986 Series A Bonds outstanding as of the date of issuance of the Series 1996 A Bonds hereby ordered to be refunded pursuant to the terms of the Escrow Agreement, and the lien of said Prior Bonds imposed by the Prior Ordinance on the revenues of the System is hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of said Series 1996 A Bonds, together with other moneys available therefor, including those moneys transferred as provided below, of the following: (a) an amount equal to the fiscal and paying agent charges, and (b) an amount which will be simultaneously invested in United States Treasury Obligations bearing interest and having maturities sufficient to provide (i) for the payment of the principal of the Prior Bonds as the same mature on each principal payment date established with respect thereto prior to the Prior Bonds Redemption Date, if any, established for such Prior Bonds, (ii) for the payment of the redemption price of the Prior Bonds outstanding on the Prior Bonds Redemption Date, if any, established for such Prior Bonds, and (iii) for the payment of the interest on the Prior Bonds as the same becomes due. Contemporaneously with the deposit of proceeds of the Series 1996 A Bonds into the Escrow Fund, and as prescribed by the Escrow Agreement, the amounts on deposit in the sinking fund created and maintained on behalf of the Prior Bonds shall be deposited into the Escrow Fund and simultaneously invested as provided in the Escrow Agreement. Upon the refunding of the Prior Bonds, the amounts on deposit in the renewal and replacement fund created and maintained under the Prior Ordinance with respect to the Prior Bonds shall be transferred to the Renewal and Replacement Fund created under this Ordinance.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Series 1996 A Bonds. For the purpose of refunding all of the outstanding 1986 Series A Bonds, there shall be issued the Sewerage System Refunding Revenue Bonds, Series 1996 A of the City. The Series 1996 A Bonds shall be in such aggregate principal amount, not to exceed $2,000,000; shall be dated such date; shall bear interest payable semiannually at such dates and at such rate or rates not exceeding the rate permitted by the Act; shall mature at such time or times, not exceeding forty (40) years after the date of issuance; and shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and as the City Council shall prescribe by Supplemental Resolutions adopted in connection with the sale of such Series 1996 A Bonds.

The Bonds shall be payable as to principal at the office of the Paying Agent in any coin or currency which on the respective date of payment of principal and interest, is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address that appears on the books of the Registrar.

The Series 1996 A Bonds shall, at the option of the City, be redeemable in whole or in part, at the times, in the manner, and upon payment of the redemption prices, as provided in the Supplemental Resolutions.

The Series 1996 A Bonds shall be sold as soon as practical and in the best interests of the City, as may be authorized and permitted by applicable law, and delivered to the Original Purchaser thereof; provided, that such Original Purchaser and the City shall have agreed to the terms of the purchase thereof.

Section 3.02. Execution of Bonds. Bonds shall be executed in the name of the City by the manual or facsimile of the Mayor, and the seal of the City shall be affixed thereto or imprinted thereon and attested by the manual or facsimile of the City Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the City before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.07, shall have been manually executed by the 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 Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section 3.04, the Registered Owner of all of the Bonds shall be The Depository Trust Company (hereinafter "DTC"), and the Bonds shall be registered in the name of Cede & Co. Payment of semiannual interest for any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next-day funds to the account of Cede & Co. on the interest payment date for the Bonds at the address indicated on the regular Record Date or special Record Date for Cede & Co. in the Bond Register.

(b) The City and the Bond Register may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of the Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the City nor the Bond Register shall be affected by any notice to the contrary. Neither the City nor the Bond Register shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any Participant of any amount in respect of the principal or redemption price of or interest on the Bonds; any notice which is permitted or required to be given to Bondholders under this Ordinance; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by DTC as Bondholder. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State of West Virginia), and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal or redemption price of and interest on the Bonds

to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal or redemption price and interest pursuant to this Ordinance. Upon delivery by DTC to the City of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(c) In the event the City determines that it is in the best interest of the Owners that they be able to obtain Bond certificates, the City may notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event, the City shall issue and the Bond Register shall authenticate, transfer and exchange Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City shall be obligated to deliver Bond certificates as described herein. In the event Bond certificates are issued, the provisions herein shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the City to do so, the City will assist DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Bonds to any Participant having Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., all payments with respect to the principal or redemption price of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter. When the City gives notices to DTC or its nominee as Bondholder, it shall request that DTC forward (or cause to be forwarded) the notices to the Participants so that such Participants may forward (or cause to be forwarded) such notices to the Owners.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Ordinance by the City with respect to any consent or other action to be taken by Bondholders, the City shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

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

So long as any of the Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds.

The Bonds shall be transferable only upon the Bond Register by the Registered Owner thereof in person or by its attorney or legal representative duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or such duly authorized attorney or legal representative.

In all cases in which the privilege of exchanging Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfer shall forthwith be canceled by the Registrar. For every such exchange or transfer of Bonds, the 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 said Registrar incurred in connection therewith, which changes and expenses shall be paid by the Registered Owner requesting such transfer or exchange. The Registrar shall not be obligated to make any such change or transfer of Bonds during the period beginning with the Record Date and ending on the date or, in a case of any partial redemption of Bonds during the fifteen days next preceding the date of the selection of Bonds to be redeemed.

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

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

Section 3.07. Bonds Secured by Pledge of Revenues; Not to be Indebtedness of the City. The payment of the debt service of all of the Series 1996 A Bonds shall be secured forthwith equally and ratably with each other by a second lien on the Revenues derived from the System, which lien is on a parity and is shared with the holders of the 1986 Series B Bonds, and which lien junior and subordinate to the lien securing the 1979 Bonds and the 1986 Series C Bonds. Such Revenues, in the amount sufficient to pay the principal of and interest on the 1979 Bonds, the 1986 Series C Bonds, the 1986 Series B Bonds and the Series 1996 A Bonds and to make the payments required into the respective Sinking Funds and the Reserve Accounts therefor, and the Renewal and Replacement Fund as established in the Prior Ordinance or hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the 1979 Bonds, the 1986 Series C Bonds, the 1986 Series B Bonds and the Series 1996 A Bonds as the same become due. The Bonds shall not, in any event, be or constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from Revenues and otherwise as provided herein. No Registered Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the Bonds or the interest thereon.

Section 3.08. Notice of Redemption.

(a) The Registrar shall cause notice of any redemption of Bonds to be mailed by first class mail to the Owners of all Bonds to be redeemed at the addresses thereof appearing in the Registration Books. Each such notice shall (i) be mailed not more than 60 days nor less than 30 days prior to the redemption date, (ii) identify the Bonds to be redeemed (specifying the CUSIP

numbers, if any, assigned to the Bonds), (iii) specify the redemption date and the Redemption Price, and (iv) state that on the redemption date the Bonds called for redemption will be payable at the principal corporate trust office of the Paying Agent, that from that date the Bonds called for redemption will be deemed to be paid, and interest will cease to accrue, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds for which notice was properly given.

(b) If at the time of mailing of any notice of redemption the City shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is subject to the deposit of such moneys with the Paying Agent not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited. If such moneys are not deposited by such date and time, the Registrar promptly shall notify the Owners of all Bonds called for redemption of such fact.

(c) Notwithstanding any other provisions herein to the contrary, the Registrar shall cause copies of any notices delivered pursuant to this Section 3.08 to be delivered to such other organizations or entities to which like notices are then delivered in accordance with industry standards.

Section 3.09 Form of Bonds. The text of the Bonds, and the form of the Certificate of Authentication and Registration thereon, shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

No.R-___ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE BOND DATE MATURITY DATE CUSIP

REGISTERED OWNER:

[TAX IDENTIFICATION NUMBER]

PRINCIPAL AMOUNT: $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation organized and existing under the laws of the State of West Virginia (hereinafter referred to as the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest

Rate set forth above semiannually, on the first day of January and the first day of July in each year, beginning _____ 1, 19____, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of _____, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $_____, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain sewerage system revenue bonds of the City outstanding on the date of issuance hereof in the aggregate principal amount of $1,3356,132 (the "1986 Series A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly passed by the City Council on the ___ day of _____, 19__ as supplemented by resolution adopted on the ___ day of _____, 19___, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to _____ 1, ___. At the option of the City, the Bonds will be subject to redemption prior to maturity on or after _____ 1, ___. as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
_____ 1, __ through _____, __	102%
_____ 1, __ through _____, __	101%
_____ 1, __ and thereafter	100%

The Bonds maturing on _____, and _____, respectively ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on _____ 1 of each of the years and in the principal amounts set forth below:

TERM BONDS		TERM BONDS	
Year	Principal Amount	Year	Principal Amount

The Bonds are payable only from and are secured by a shared second lien, on a parity with the holders of the 1986 Series B Bonds, and junior and subordinate to the lien securing the 1979 Bonds and the 1986 Series C Bonds, on the revenues to be derived from the operation of the combined waterworks and sewerage system of the City (the "System"), which is under the supervision and control of the Utility Board of the City, and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the City within any constitutional or statutory provision or limitation, nor shall the City be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the City has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty-five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, as the same become due and accomplish retirement of the Bonds and all bonds prior to or on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Payments required by the 1979 Bonds and the 1986 Series C Bonds constitute a first charge upon all the net revenues of the System, and the payments required by the 1986 Series B Bonds and the 1996 Series A Bonds constitute a second charge upon such net revenues. The City has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the 1986 Series A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the City has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON, WEST VIRGINIA

_____
Mayor

[SEAL]

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the City of Williamson Waterworks and Sewerage System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: _____

_____
as Registrar

By _____
Its Authorized Officer

[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 of the within Bond of said City with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Application of System Revenues. So long as any of the Bonds shall be outstanding and unpaid, the City covenants with the holders of the Bonds as follows:

A. The entire Revenues derived from the operation of the System and all parts thereof shall be deposited by the City in a special fund in the Depository Bank, which fund, to be designated the "Waterworks and Sewer System Revenue Fund" (the "Revenue Fund"), is hereby established. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the City and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) Thereafter the City pay such amounts as are required to be paid on account of the 1979 Bonds and the 1986 Series C Bonds, as provided in the ordinances authorizing the issuance of such bonds.

(3) Thereafter, from the moneys in the Revenue Fund, the City shall, on the first day of each month, commencing with and including the first day of that month which is seven months prior to the first interest payment date of the 1996 Series A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in a fund to be known as the "Sinking Fund," which is hereby created and established, a sum equal to one-sixth (1/6) of the amount of interest which will become due on the Bonds on the next ensuing semiannual interest payment date; provided, however, that, in the event the period to elapse between said initial payment date and the next semiannual interest payment date is less than seven (7) months, then such monthly payments shall be increased proportionately to provide the required amount of interest payable on the next semiannual interest payment date one month prior to said date.

The City shall also apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in said Sinking Fund, on the first day of each month, beginning on the first day of that month which is thirteen (13) months prior to the first principal payment date of the 1996 Series A Bonds, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on the 1996 Series A Bonds on the next ensuing principal payment date. The City shall also, at the same time, remit to the Commission for deposit in the Sinking Fund a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on the 1986 Series B Bonds on the next ensuing principal payment date for such bonds.

The City shall also, from the Revenue Fund, remit to the Commission on such dates or at such other times, as the Commission shall require, such additional sums as shall be necessary to pay the fiscal agency charges due for paying the 1996 Series A Bonds and the interest thereon and for paying the 1986 Series B Bonds.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the 1996 Series A Bonds and principal of the 1986 Series B Bonds as the same shall become due.

The City shall not be required to make any further payments into the 1996 Series A Bonds Sinking Fund on account of the Series 1996 A Bonds when the aggregate amount of funds in the 1996 Series A Bonds Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate principal amount of Bonds issued pursuant to this Ordinance then Outstanding, plus the amount of interest due or thereafter to become due on said Bonds then Outstanding.

The City shall not be required to make any further payments into the 1986 Series B Bonds Sinking Fund on account of the 1986 Series B Bonds when the aggregate amount of funds in the 1986 Series B Bonds Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate principal amount of the 1986 Series B Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1996 A Bonds herein authorized are issued, provision shall be made for additional payments into said Sinking Fund sufficient to pay the principal of and interest on such additional parity Bonds and accomplish retirement thereof at or before maturity.

The payments into the Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(4) (a) Then from the moneys remaining in the Revenue Fund, the City shall next, each month, pay into the 1996 Series A Bonds Reserve Account an amount necessary to make up any deficiency in the 1996 Series A Bonds Reserve Account Requirement, resulting from (i) the valuation of investments in the 1996 Series A Bonds Reserve Account which results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of the 1996 Series A Bonds Reserve Account is less than the 1996 Series A Bonds Reserve Account Requirement, or (ii) withdrawals from the 1996 Series A Bonds Reserve Account, for deposit into the Sinking Fund, beginning with the first full calendar month following the event described in either clause (i) or (ii) above. Provided, that in no event shall the amount deposited into the 1996 Series A Bonds Reserve Account in any month be less than, in the event the deficiency in the 1996 Series A Bonds Reserve Account Requirement is due to a decrease in the value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in the 1996 Series A Bonds Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the 1996 Series A Bonds Reserve Account, as described in clause (ii) above (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the 1996 Series A Bonds Reserve Account shall have been made equal to the 1996 Series A Bonds Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the 1996 Series A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the 1996 Series A Bonds Reserve Account Requirement.

(b) At the same time the City shall pay into the 1986 Series B Bonds Reserve Account established for the 1986 Series B Bonds an amount necessary to make up any deficiency in the 1986 Series B Bonds Reserve Account Requirement with respect to the 1986 Series B Bonds, resulting from (i) the valuation of investments in such 1986 Series B Bonds Reserve Account which results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of such 1986 Series B Bonds Reserve Account is less than the 1986 Series B Bonds Reserve Account Requirement for the 1986 Series B Bonds, or (ii) withdrawals from such 1986 Series B Bonds Reserve Account, for deposit into the Sinking Fund, beginning with the first full calendar month following the event described in either clause (i) or (ii) above. Provided, that in no event shall the amount deposited into the 1986 Series B Bonds Reserve Account for the 1986 Series B Bonds in any month be less than, in the event the deficiency in the 1986 Series B Bonds Reserve Account Requirement is due to a decrease in the value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in such 1986 Series B Bonds Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the 1986 Series B Bonds Reserve Account, as described in clause (ii) above (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the 1986 Series B Bonds Reserve Account shall have been made equal to the 1986 Series B Bonds Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the 1986 Series B Bonds Reserve Account for the 1986 Series B Bonds whenever and as long as the amount deposited therein shall be equal to the 1986 Series B Bonds Reserve Account Requirement for the 1986 Series B Bonds.

(5) Thereafter, from the moneys remaining in said Revenue Fund, the City shall next, on the first day of each month commencing with the first month in which interest shall be payable from the Revenue Fund, remit to the Depository Bank for deposit in a special depreciation account, to be designated the "Renewal and Replacement Fund," which account is hereby established and created, a sum equal to two and one-half percent (2 1/2%) of the Revenues each month, exclusive of any payments for the account of the 1996 Series A Bonds Reserve Account in the Sinking Fund. All funds in said Renewal and Replacement Fund shall be kept apart from all other municipal funds and shall be invested and reinvested, at the direction of the City, in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance and the need for such moneys for the purposes set forth below. So long as the City is making payment into any renewal and replacement fund, depreciation fund or similar fund created with respect to the 1979 Bonds, the 1986 Series C Bonds or the 1986 Series B Bonds, payments into the Renewal and Replacement Fund described above shall not be required.

Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, enlargements, emergency repairs, improvements and extensions to the System; provided, that any deficiency occurring in the Reserve Accounts shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) Whenever all of the required and provided transfers and payments from said Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid for operating expenses and into the Sinking Fund and the Renewal and Replacement Fund during the next succeeding three (3) months, such excess shall be considered as surplus Revenues. Said surplus revenues shall be first used for the acquisition and construction of extensions, improvements and betterments to the System, and, thereafter, to the extent not needed for such purposes, may be used to purchase Bonds upon the open market at not exceeding the then applicable redemption price or to call and redeem the Bonds on the next succeeding interest payment date or for any lawful purpose of the System.

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

B. The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, as provided in Article V hereof, by the City at the times provided herein. All remittances made by the City to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The moneys on deposit in the Revenue Fund and the Renewal and Replacement Fund (unless remitted to the Commission) in excess of the sum insured by the maximum amounts insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of State and municipal funds under the laws of the State of West Virginia.

D. The Commission shall invest the funds which it holds pursuant to this Ordinance, including the 1996 Series A Bonds Reserve Account in the Sinking Fund, to the fullest possible extent so that all moneys shall be invested for the maximum possible period consistent with the tenor hereof.

E. Anything to the contrary herein notwithstanding, when the aggregate sum in the Sinking Fund, including the 1996 Series A Bonds Reserve Account therein, is sufficient to pay and redeem all the Bonds Outstanding and all interest accrued and to accrue thereon and any applicable redemption premiums, the City shall cause all the Bonds to be paid or called and redeemed at the earliest practicable date permitted, pursuant to the provisions hereof as to redemption of Bonds.

ARTICLE V

APPLICATION OF SERIES 1996 A BOND PROCEEDS

Section 5.01. Application of the Series 1996 A Bond Proceeds; Other Funds of the City.

A. All accrued interest received from the Original Purchaser of the Series 1996 A Bonds shall be deposited in the Sinking Fund and used to pay the next maturing interest on the Series 1996 A Bonds.

B. The amount of the Series 1996 A Bond proceeds necessary, together with such funds of the City as are made available by the defeasance of the 1986 Series A Bonds, to refund the Prior Bonds, which amount shall be set forth in the Supplemental Resolution, shall be applied by the City pursuant to the provisions of the Escrow Agreement.

C. The remaining moneys derived from the sale of the Series 1996 A Bonds shall be deposited by the City in the Costs of Issuance Account.

Section 5.02. 1996 Series A Bond Reserve Account. From the moneys made available to the City as a result of the defeasance of the 1986 Series A Bonds, the City shall remit to the Commission such funds as are necessary to fund the 1996 Series A Bonds Reserve Account to the 1996 Series A Bonds Reserve Account Requirement.

Section 5.03. Costs of Issuance Account. There is hereby created and established at the Depository Bank a special fund to be known as the "The City of Williamson Series 1996 A Bonds Costs of Issuance Account," which account shall be kept separate and apart from all other funds of the City, and disbursed upon requisition by the City to pay Costs of Issuance approved by the Authorized Officer. The moneys in said account shall be secured at all times by the deposit in such bank, as security, of Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds shall be deposited by the City in the Sinking Fund.

ARTICLE VI

ADDITIONAL COVENANTS OF THE CITY

Section 6.01. General Covenants of the City. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the City and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the City hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds, or the interest thereon, is outstanding and unpaid.

Section 6.02. Bonds Not To Be Indebtedness of the City. The Bonds shall not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the revenues of the System, or from the Reserve Account, as herein provided. No holder or holders of any Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the City to pay said Bonds or the interest thereon.

Section 6.04. Rates. Prior to the issuance of the Bonds, just and equitable rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and copies of such rates and charges so fixed and established shall at all times be kept on file in the office of the Utility Board and in the office of the City Clerk, each of which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce gross revenues from said System sufficient to pay operating expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the City hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be at least sufficient to provide for all reasonable operating expenses of the System and leave a balance each year equal to at least one hundred twenty-five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the 1986 Series C Bonds and the 1986 Series B Bonds, as the same become due and accomplish retirement of all Bonds for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. To the extent permitted by law, all such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

Section 6.05. Operation and Maintenance. The City will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

Section 6.06. Sale of the System. The System may be sold, mortgaged, leased, or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Sinking Fund, and the City shall direct the Commission to apply such proceeds to the payment of principal and interest at the maturity of Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the City by the Commission unless necessary for the payment of other obligations of the City payable out of the revenues of the System.

The foregoing provision notwithstanding, the City shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of ten thousand dollars ($10,000), the Utility Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the City Council may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of ten thousand dollars ($10,000) but not in excess of one hundred thousand dollars ($100,000), the Utility Board shall first, in writing, determine with the written approval of a consulting engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the City Council may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, in excess of ten thousand dollars ($10,000) and not in excess of one hundred thousand dollars ($100,000), shall be remitted by the City to the Commission for deposit in the Sinking Fund and shall be applied only to the redemption of Bonds of the last maturities then Outstanding or to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds. Such payments of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the City if the proceeds to be derived therefrom shall be in excess of one hundred thousand dollars ($100,000) and insufficient to pay or redeem prior to maturity all the Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of Bonds then Outstanding. The City shall prepare the form of such approval and consent for execution by the then Holders of the Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable out of Revenue and General Covenant Against Encumbrances. The City shall not issue any other obligations whatsoever,

except pari passu additional Bonds provided for in Section 6.08 hereof, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such Revenues with the Bonds; and all obligations hereafter issued by the City payable from the Revenues of the System, except such additional Bonds shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such Revenues and in all other respects to the Bonds.

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

Section 6.08. Additional Parity Bonds. No additional parity Bonds, as in this Section defined, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No parity bonds shall be issued which shall be payable from the revenues of the System prior to or on a parity with the 1979 Bonds or the 1986 Series C Bonds. All parity bonds issued hereunder shall be on a parity with the 1986 Series B Bonds and the 1996 Series A Bonds.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, improvements and betterments to the System or refunding the entirety of one or more series of Bonds issued pursuant hereto, or both such purposes.

No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by Independent Accountants, based upon the necessary investigation and certification by a consulting engineer, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such additional parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional parity Bonds, shall not be less than one hundred twenty-five percent (125%) of the maximum annual amount which will mature and become due for principal of and interest in any succeeding year on the following:

(1) The 1979 Bonds then Outstanding;

(2) The 1986 Series C Bonds then Outstanding;

(3) The 1986 Series B Bonds then Outstanding;

(4) The Series 1996 A Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three (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 any increase in rates enacted by the City, the time for appeal of which shall have expired prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in a certificate of a consulting engineer, which shall be filed in the office of the City Clerk prior to the issuance of such additional parity Bonds, adjusted as provided in the following paragraph.

The Net Revenues actually derived from the System during the twelve (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 a consulting engineer and the Independent Accountants as stated in a certificate jointly made and signed by a consulting engineer and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the City, the time for appeal of which shall have expired prior to issuance of such additional parity Bonds.

Not later than simultaneously with the delivery of such additional parity Bonds, the City shall have entered into written contracts for the immediate acquisition or construction of such extensions, improvements and betterments to the System which are to be financed by such additional parity Bonds.

The term "additional parity Bonds," as used in this Section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this Section, payable from the Revenues of the System on a parity with the 1986 Series B Bonds and the Series 1996 A Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the 1986 Series B Bonds and the Series 1996 A Bonds and the Holders of any additional parity Bonds subsequently issued from time to time within the limitations of and in compliance with this Section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Revenues of the System, and their source of and security for payment from said Revenues, without preference of any Bond over any other. The City shall comply fully with all the increased payments into the various funds created in this Ordinance required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "additional parity Bonds," as used in this Section, shall not be deemed to include any 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 Bonds on such revenues. The City shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Bonds except in the manner and under the conditions provided in this Section.

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

The City may issue additional parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

Section 6.09. Insurance. The City will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The City will require that each of its contractors and all subcontractors maintain, during the life of any construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance. In time of war, the City shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in this Ordinance and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The City will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System.

Section 6.10. Mandatory Connections. To the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto.

Section 6.11. Consulting Engineer. The City will retain a recognized, qualified independent consulting engineer on a biannual basis to supervise generally the operation, maintenance and repair of the System and to report biannually to the City in writing their recommendations and comments as to the System. Such biannual report of a consulting engineer, or a summary thereof, shall be made available at reasonable times to any Bondholder requesting the same.

Section 6.12. Services Rendered to the City. The City will not render or cause to be rendered any free services of any nature by its System; and, in the event the City or any department, agency, instrumentality, officer or employee of the City shall avail itself or himself or herself 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 City and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the City shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.13. Enforcement of Collections. The City will diligently enforce and collect all fees, rates, 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, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. To the extent permitted by law, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or a part thereof, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The City further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations Promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off the sewerage services and facilities of the System and in the event the City owns a water facility (the "Water System"), the Water System to all delinquent users of the services and facilities of the System, and will not

restore either water or sewerage services of the System or the Water System until all delinquent charges for the service and facilities of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 6.14. No Competing Franchise. To the extent allowed by law, the City will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.15. Books and Records. The City will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the System, and any holder of a Bond or Bonds issued pursuant to this Ordinance shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the City relating thereto.

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the City. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the City. The City 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 City shall be reported to the City.

The City shall file with a consulting engineer and the Original Purchaser within 120 days following the end of each Fiscal Year, and shall mail in each year to any Bondholder requesting the same, an annual report containing the following:

A. A statement of Revenues and Operating Expenses from the System.

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Ordinance, and the status of all said funds.

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

Section 6.16. Initial Schedule of Rates. The rates, fees and other charges for the use of the services and facilities of the System established under an ordinance of the City enacted on or before the date of the adoption or enactment of a resolution or ordinance adopted or enacted in connection with the sale of the Series 1996 A Bonds as provided herein shall constitute the initial schedule of rates for the System for purposes of this Ordinance.

Section 6.17. Operating Budget. The Utility Board shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. 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 consulting 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 Utility Board shall have approved such finding and

recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of a consulting engineer that such increased expenditures are necessary for the continued operation of the System. The City shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder who shall file his or her address with the City and request in writing that copies of any such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Bondholder or anyone acting for and in behalf of such Bondholder.

Section 6.18. Existence of Utility Board. The management, operation and control of the System will be vested in the Utility Board, or some other separate successor agency of the City, during the period in which any Bonds issued hereunder are Outstanding.

Section 6.19. Public Purpose Bonds. The System will be solely operated for a public purpose and as a local governmental activity of the City.

Section 6.20. Private Activity Bonds. The City shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the City to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The City will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

Section 6.21. Filings. The City will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds, including, without limitation, the information return required under Section 149(e) of the Code.

Section 6.22. Right to Amend. The City retains the right to make any amendments, insertions or deletions by Supplemental Resolutions of this Ordinance as the City deems desirable or necessary prior to the issuance of the Bonds, including but not limited to amendments, insertions or deletions to comply with the Code. Notwithstanding the provisions of Section 9.01 hereof, the City through City Council shall without consent of the Registered Owners of the Bonds amend or supplement this Ordinance by resolutions supplemental hereto or any amendatory ordinance to comply with the Code if such amendment or supplement is necessary to preserve the tax exempt status of the Bonds. In making their determination to amend or supplement this Ordinance, the City Council may rely on the opinion of a nationally recognized bond counsel.

The City also retains the right to make any amendments, insertions or deletions by Supplemental Resolution of this Ordinance as the City deems necessary prior to the issuance of the Bonds to meet the requirements of the Original Purchaser.

Section 6.23. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Paying Agent and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Paying Agent and the Registered Owners of the Bonds.

Section 6.24. Designation of Bank Eligibility. The Series 1996 A Bonds are hereby designated as a "qualified tax-exempt obligations" for the purposes of Section 265(b) of the

Internal Revenue Code of 1986, as amended. The City hereby represents that it and all subordinate entities do not reasonably anticipate to issue, during the calendar year 1996, qualified tax-exempt obligations in excess of $10,000,000.

Section 6.25. Continuing Disclosures. This Section 6.25 constitutes the written undertaking for the benefit of the owners of the Bonds required by the Securities and Exchange Commission Rule 15c2-12 (the "Rule").

The City, as an "obligated person" within the meaning of the Rule, undertakes to provide the information as required by the Rule. The City covenants to provide, as long as the Bonds remain Outstanding the following information:

(1) "Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP") or operating data with respect to the type included in those sections of the final official statement with respect to the Series 1996 A Bonds upon request by any person or at least annually to a state information depository ("SID"), if any.

(2) "Material Event" means the following events: (a) principal and interest payment delinquencies; (b) non payment related defaults; (c) unscheduled draws on debt service reserves, if any, reflecting financial difficulties; (d) scheduled draws on credit enhancements, if any, or their failure to perform; (e) substitution of credit or liquidity providers, if any, or their failure to perform; (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (g) modifications to rights of Bondholders; (h) bond calls; (i) defeasances; (j) releases, substitution or sale of property securing payment of the Bonds; or (k) rating changes.

The City covenants to file with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") or to the Municipal Securities Rulemaking Board ("MSRB") and each SID, if any, in a timely manner a notice of occurrence of any of the above mentioned events with respect to the Bonds, if the City has knowledge of such event. If a Material event occurs while any Bonds are Outstanding, the City shall provide a Material Event Notice which states the material event and shall prominently state the date, title and CUSIP numbers of the Bonds.

Termination of Reporting Obligation. The City's obligations under the continuing disclosure requirements of this Section 6.25 shall terminate upon (a) the legal defeasance, prior redemption or payment in full of all of the Bonds or (b) the assumption by a successor obligated person of all of the obligations of the prior obligated person both hereunder and under the Bonds.

Amendments. Notwithstanding any other provision of this Ordinance, the City may modify or amend this Section 6.25 if the following preconditions are satisfied: (a) the amendment is being made in connection with a change of circumstances that arises form a change in legal requirements, change in law, change in the identity, nature or status of the City; (b) this Ordinance, as amended, would have complied with the requirements of the Rule as of the date of issuance of the relevant Bonds, after taking into account any amendment or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment does not materially adversely affect the interests of Holders of Bonds. A written opinion of Bond Counsel to the effect that these requirements have been satisfied shall conclusively evidence compliance with the above preconditions. The City shall disclose in the next Annual Report the amendment and its impact on the information being provided.

Defaults. In the event of a failure of the City to comply with any provision of this Section 6.25, the Original Purchaser or any Bondholder may take such actions as may be necessary and appropriate, including seeking a writ of mandamus or specific performance by court order to cause the City to comply with its obligations under this Section 6.25 shall not be deemed an Event of Default, and the sole remedy under this Ordinance in the event of any failure of the City to comply with this Section 6.25 shall be an action to compel performance, provided, however, that nothing in this Ordinance shall limit any Holder's rights under applicable federal securities law.

ARTICLE VII

DEFAULTS AND REMEDIES

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

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

(B) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance, the Supplemental Resolution or in the Bonds and such default shall have continued for a period of 30 days after the City shall have been given written notice of such default by the Depository Bank holding any fund or account hereunder or a Registered Owner of a Bond; or

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

Section 7.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and in particular (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the City to perform its duties under the Act and this Ordinance relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the City to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Ordinance with respect to the Bonds, or the rights of such Registered Owners.

Upon the occurrence of an Event of Default, the Commission may, and shall, at the direction of 51% of the Bondholders, by written notice to the City, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Ordinance or in the Bonds to the contrary notwithstanding.

Section 7.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the City under this Ordinance and the Act, including 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 and performing any construction necessary for the System. If there be any default in the payment of

interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice of the City of such default, any Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the City with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts herein provided and the payment of operating expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Bonds issued and authorized pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance 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 Ordinance shall have been cured and made good, possession of the System shall be surrendered to the City upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of Bonds issued pursuant to this Ordinance 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 City and for the joint protection and benefit of the City and Registered Owners of Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the City and Registered Owners, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the City, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the Systems.

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the City in any

Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Except as otherwise provided, 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 used for the purpose of such fund or account. The interest accruing thereof and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The determination of the Value of the investments shall be made once a month. The Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. Such Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Arbitrage. The City covenants that (i) it will restrict the use of the proceeds of the Series 1996 A Bonds in such manner and to such extent as may be necessary, in view of the City s reasonable expectations at the time of issuance of the Series 1996 A Bonds, so that the Series 1996 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and the Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1996 A Bonds) so that the interest on the Series 1996 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the holders of two-thirds (2/3) or more in principal amount of the Bonds then outstanding; provided, however, 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 City to pay such principal and interest out of the revenues of the System without the consent of the Holder thereof. No amendment or modification shall be made which would reduce the percentage or modification of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

Section 9.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 9.03. Covenant of Due Procedure. The City 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 final enactment and passage of this Ordinance do exist, have happen, 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 City Council were at all times when any

actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 9.04. Defeasance. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then the pledge of net revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the City to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay, as and when due, the principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All Bonds shall, prior to the maturity or redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the City shall have given the Commission, in form satisfactory to it, irrevocable instructions to publish as provided herein notice of redemption of such Bonds on said date, (b) there shall have been deposited with the Commission either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Commission at the same or earlier time, shall be sufficient, to pay when due the principal of and redemption premium, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date of maturity date thereof, as the case may be, and an opinion of nationally recognized bond counsel to the effect that such action will not adversely effect the exclusion of the interest on the Bonds from gross income for federal income tax purposes and a verification from an Independent Accountant of the sufficiency of the amounts described in clause (b) for their intended purpose, and (c) in the event said Bonds are not by their terms subject to redemption, or are otherwise not to be redeemed by the City, within the next succeeding sixty (60) days, the City shall have given the Commission in form satisfactory to it irrevocable instructions to publish, as soon as practicable, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Commission and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, interest on, and redemption premium, if applicable, on said Bonds. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations.

Section 9.05. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in the manner prescribed by law.

Section 9.06. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give

notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in _____, which is a qualified newspaper of general circulation in the City of Williamson, together with a notice stating that this Ordinance has been adopted and that the City contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of the abstract and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading - May 23, 1996

Passed on Second Reading - June 13, 1996

Passed on Final Reading Following Public Hearing - June 27, 1996

Mayor

City Recorder

CERTIFICATION

The undersigned, **FRANCES FRYE, CITY CLERK** for the City of Williamson, West Virginia, does hereby certify that the foregoing is a true and correct copy of the Refunding Bond Ordinance passed on First Reading at a regular meeting of Council on May 23, 1996; passed on Second Reading at meeting of Council on June 13, 1996; and passed on Final Reading following Public Hearing held on June 27, 1996.

DATED this 6th day of November, 1996.

FRANCES FRYE

STATE OF WEST VIRGINIA,
COUNTY OF MINGO, TO-WIT:

Taken, subscribed, and sworn to before me, the undersigned Notary Public, within and for the County and State aforesaid on this 6th day of November, 1996.

My Commission as Notary Public will expire on the 18th day of March, 2002.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHERINE SMITH
COUNTY COURTHOUSE
107 E. FOURTH AVENUE, SUITE 1517
WILLIAMSON, WV 25661
My Commission Expires March 18, 2002

NOTARY PUBLIC

THE CITY OF WILLIAMSON

SUPPLEMENTAL RESOLUTION

Supplemental Resolution providing for the dates, maturities, interest rates, principal payment schedules, sale prices and other terms of the Water and Sewer System Refunding Revenue Bonds, Series 1996 A, designating a registrar, paying agent and depository bank, approving the sale of the Sewerage System Refunding Revenue Bonds, Series 1996 A pursuant to a Bond Purchase Agreement and making other provisions as to such Bonds.

WHEREAS, the City Council of The City of Williamson (the "Issuer"), on June 13, 1996, enacted an Ordinance, all as more fully set out therein; (said Ordinance is hereinafter referred to as the "Ordinance"); and

WHEREAS, the Ordinance provides for the issuance of Water and Sewer System Refunding Revenue Bonds, Series 1996 A (the "Series 1996 A Bonds"), of the Issuer in aggregate principal amounts not to exceed $2,000,000, all in accordance with Chapter 8, Article 20A of the Code of West Virginia, 1931, as amended (the "Act"), and further provides that the dates, interest rates, maturities, sale prices and other terms of and matters relating to, the Series 1996 A Bonds should be established by supplemental resolution; and

WHEREAS, the Series 1996 A Bonds are proposed to be sold to the Original Purchasers (as defined in the Ordinance) pursuant to a Bond Purchase Agreement (the "Purchase Agreement"); and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Ordinance; and

WHEREAS, the Governing Body of the Issuer deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the prices, the maturity dates, the redemption provisions, the interest rates, and the interest and principal payment dates of the Series 1996 A Bonds be fixed hereby in the manner stated herein, that the Purchase Agreement be approved, that distribution of the Preliminary Official Statement shall be ratified and approved, that the Official Statement shall be approved, and that other matters relating to the Bonds be herein provided for.

NOW THEREFORE, be it resolved by the City Council of The City of Williamson as follows:

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewerage System Refunding Revenue Bonds, Series 1996 A, in the aggregate principal amount of $1,840,000 (the "Series 1996 A Bonds"), all in the form set forth in the Ordinance:

(A) The Series 1996 A Bonds of the Issuer shall be originally issued in the book-entry form of a single bond for each year of maturity, numbered consecutively AR-1 and upwards, shall be in the aggregate principal amount of $1,840,000. The Series 1996 A Bonds shall be dated as of October 1, 1996, and shall mature on each October 1, bear interest per annum and be subject to optional and mandatory sinking fund redemption, all as set forth on Schedule X attached hereto.

(B) The Series 1996 A Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. Interest on the Series 1996 A Bonds is payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by United National Bank, Charleston, West Virginia, as registrar (the "Registrar"), for the registration and transfer of bonds (the "Register") as of the fifteenth (15th) day of the month preceding such interest payment date or, in the event of a default in the payment of the Series 1996 A Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date (the "Record Date") or, if requested, in the case of such an owner of $1,000,000 or more in principal amount of Series 1996 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to the Record Date by such owner. Principal of and premium, if any, on the Series 1996 A Bonds is payable to the owner thereof upon surrender thereof at the principal corporate trust department office of the Registrar, as paying agent (the "Paying Agent").

(C) The proceeds of the Series 1996 A Bonds shall be deposited as follows:

(1) $1,652,258.05 of such proceeds, which is hereby found to be the amount necessary, with other available funds, to refund the Series 1986 A Bonds which are being refunded from such proceeds shall be deposited into the Escrow Fund established under the Escrow Agreement,

(2) $9,774.00 of such proceeds, representing accrued interest on the Series 1996 A Bonds from October 1, 1996, to the date of delivery thereof to the Original Purchasers shall be deposited into the Sinking Fund, and

(3) $98,653.95 of such proceeds shall be deposited into the Costs of Issuance Account and used to pay Costs of Issuance, in the event any moneys remain in the Costs of Issuance Account on January 15, 1997, such moneys shall be transferred to the Sinking Fund.

(D) The sale of the Series 1996 A Bonds to Wheat, First Securities, Inc., who are hereby designated as the Original Purchasers of the Series 1996 A Bonds, and the Purchase Agreement dated October 21, 1996, in the form attached to this Resolution as Exhibit A are hereby approved. The Mayor is authorized and directed to execute and deliver the Bond Purchase Agreement with such changes and insertions as he may approve. The Mayor's signature on such Agreement shall be conclusive evidence of such approval.

(E) The Issuer hereby ratifies and approves the distribution of a Preliminary Official Statement dated September 30, 1996, with respect to the Series 1996 A Bonds, attached to this Resolution as Exhibit B. The Issuer further authorizes and approves the execution and delivery of the Official Statement dated October 21, 1996, in the form attached hereto as Exhibit C, and hereby authorizes and directs the Mayor to execute the same and deliver the Official Statement to the Original Purchasers.

(F) The Issuer authorizes and directs the West Virginia Municipal Bond Commission to transfer the moneys held in the sinking fund and reserve account for the Series 1986 A Bonds to Bank One, West Virginia, National Association, as Escrow Trustee.

Section 3. Except as herein provided, all other provisions relating to the Series 1996 A Bonds shall be as provided in the Ordinance, and the Series 1996 A Bonds shall be in substantially the form provided in the Ordinance with such changes, insertions and omissions as may be approved by the Mayor of the Issuer. The execution of the Series 1996 A Bonds by the Mayor shall be conclusive evidence of such approval.

Section 4. The Issuer hereby determines that the bank currently serving as the Depository Bank for the Water and Sewer Revenue Fund shall continue in that capacity.

Section 5. The Issuer hereby appoints and designates Bank One, West Virginia, National Association, Charleston, West Virginia, as Registrar for the Bonds.

Section 6. The Issuer hereby appoints and designates Bank One, West Virginia, National Association, as Paying Agent for the Bonds.

Section 7. The Issuer hereby appoints and designates Bank One, West Virginia, National Association, as the escrow trustee for the Series 1986 A Bonds being refunded with the proceeds of the Series 1996 A Bonds.

Section 8. The Issuer does hereby find and determine that the amount of bonds, other than private activity bonds which it anticipates issuing during calendar year 1996 shall not exceed $10,000,000 and therefore the Issuer hereby designates the Series 1996 A Bonds as "qualified-tax-exempt obligations" for purposes of Section 265(b) of the Code.

Section 9. The Issuer hereby establishes October 1, 2001, as the Prior Bonds Redemption Date with respect to the Series 1986 A Bonds being refunded with the proceeds of the Series 1996 A Bonds.

Section 10. The Mayor and the Clerk or Recorder of the Issuer are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement and the Letter of Representations with The Depository Trust Company, required or desirable in connection with the Series 1996 A Bonds in order for the Series 1996 A Bonds to be delivered to the Original Purchasers pursuant to the Purchase Agreement.

Section 11. The Issuer shall not permit at any time or times any of the proceeds of the Series 1996 A Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code, by reason of the classification of the Series 1996 A Bonds as "private activity bonds" within the meaning of the Code. It will take all actions necessary to comply with the Code, including the Treasury Regulations to be promulgated thereunder.

Section 12. The refunding of the Series 1986 A Bonds, in part with proceeds of the Series 1996 A Bonds is hereby found and determined to be in the public interest, serve a public purpose of the Issuer and promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby approves the execution and delivery of the Tax Regulatory Agreement substantially in the form attached to this Resolution as Exhibit D and authorizes and directs the Mayor to execute said agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Tax Regulatory Agreement by the Mayor shall be conclusive evidence of such approval. The Issuer hereby specifically agrees to be bound by the provisions of the Tax Regulatory Agreement relating to rebate required by the Code.

Section 14. The following definitions are added to the Ordinance as if incorporated therein in the first instance:

"AMBAC Indemnity" shall mean AMBAC Indemnity Corporation, a Wisconsin-domiciled stock insurance company.

"Municipal Bond Insurance Policy" shall mean the municipal bond insurance policy issued by AMBAC Indemnity insuring the payment, when due, of the principal and interest on the Bonds as provided therein.

"Outstanding" when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the Registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.05; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Provided that in the event the principal and /or interest due on any Bond is paid by AMBAC Indemnity under the Municipal Bond Insurance Policy, such Bond shall be deemed to remain Outstanding for all purposes until actually paid by the Issuer.

"Qualified Investments" shall mean and include any of the following:

(a) Government Obligations;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

Export - Import Bank
Farm credit System Financial Assistance Corporation
Farmers Home Administration
General Services Administration
U. S. Maritime Administration
Small Business Administration
Government National Mortgage Association (GNMA)
U. S. Department of Housing & Urban Development (PHA's)
Federal Housing Administration;

(c) senior debt obligations "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's Investor Services, Inc., issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years. Senior debt obligations of other Government Sponsored Agencies approved by AMBAC Indemnity.

(d) U. S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investor Services, Inc. and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(e) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investor Services, Inc. and which matures not more than 270 days after the date of purchase;

(f) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's Corporation;

(g) pre-refunded municipal obligations defined as follows:

Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on the escrow account or fund, in the highest rating category of Standard & Poor's Corporation and Moody's Investor Services, Inc. or any successors thereto; or (B)(i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (a) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on

such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) investment agreements approved in writing by AMBAC Indemnity [supported by appropriate opinions of counsel] with notice to S&P; and

(i) other forms of investments (including repurchase agreements) approved in writing by AMBAC Indemnity with notice to S&P.

"Value," which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times); the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Issuer in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances; the face amount thereof, plus accrued interest; and

(d) as to any investment not specified above, the value thereof established by prior agreement between the Issuer, the Commission and AMBAC Indemnity.

Section 15. Section 3.08 of the Ordinance is amended and reenacted to read as follows:

Section 3.08. Notice of Redemption.

(a) The Registrar shall cause notice of any redemption of Bonds to be mailed by first class mail to AMBAC Indemnity and to the Owners of all Bonds to be redeemed at the addresses thereof appearing in the Registration Books. Each such notice shall (i) be mailed not more than 60 days nor less than 30 days prior to the redemption date, (ii) identify the Bonds to be redeemed (specifying the CUSIP numbers, if any, assigned to the Bonds), (iii) specify the redemption date and the Redemption Price, and (iv) state that on the redemption date the Bonds called for

redemption will be payable at the principal corporate trust office of the Paying Agent, that from that date the Bonds called for redemption will be deemed to be paid, and interest will cease to accrue, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds for which notice was properly given.

(b) If at the time of mailing of any notice of redemption the Issuer shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is subject to the deposit of such moneys with the Paying Agent not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited. If such moneys are not deposited by such date and time, the Registrar promptly shall notify the Owners of all Bonds called for redemption of such fact.

(c) Notwithstanding any other provisions herein to the contrary, the Registrar shall cause copies of any notices delivered pursuant to this Section 3.08 to be delivered to such other organizations or entities to which like notices are then delivered in accordance with industry standards.

Section 16. Section 3.09 of the Ordinance is amended and reenacted to read as follows:

Section 3.09 Form of Bonds.

The text of the Bonds, and the form of the Certificate of Authentication and Registration thereon, shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution or any subsequent resolution or Resolution adopted or enacted prior to the issuance thereof.

No. AR-___ $

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATER AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE BOND DATE MATURITY DATE CUSIP

REGISTERED OWNER:

[TAX IDENTIFICATION NUMBER]

PRINCIPAL AMOUNT: $

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of April and the first day of October in each year, beginning _____ 1, 19____, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of _____, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. _____ (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $_____, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain sewerage system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,356,132 (the "1986 Series A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an Ordinance duly enacted by the Governing Body of the Issuer on the 13th day of June, 1996, as supplemented by resolution adopted on the ___ day of _____, 19___, (hereinafter referred to collectively as the "Resolution"), and is subject to all the terms and conditions of said Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

The Bonds are not subject to optional redemption prior to _____ 1, ___. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after _____ 1, __. as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
_____ 1, __ through _____, __	102%
_____ 1, __ through _____, __	101%
_____ 1, __ and thereafter	100%

The Bonds maturing on _____, and _____, respectively ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Resolution at the principal amount thereof plus interest accrued to the date fixed for redemption, on _____ 1 of each of the years and in the principal amounts set forth below:

TERM BONDS		TERM BONDS	
Year	Principal Amount	Year	Principal Amount

The Bonds are payable only from and are secured by a shared second lien, on a parity with the holders of the 1986 Series B Bonds, and subordinate to the Series 1979 Bonds and the 1986 Series C Bonds, on the revenues to be derived from the operation of the combined water and sewer system of the Issuer (the "System"), which is under the supervision and control of the Utility Board of the Issuer, and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Resolution, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty-five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a first charge upon all the net revenues of the System. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the holders of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the 1986 Series A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Resolution 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Resolution unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its Recorder and its corporate seal to be imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

_____

Mayor

[SEAL]

ATTEST:

_____

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of The City of Williamson Water and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: _____

as Registrar

By _____
Its Authorized Officer

[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 of the within Bond of said Issuer with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

_____

Section 17. Section 4.01 of the Ordinance is amended and reenacted to read as follows:

Section 4.01. Application of System Revenues.

So long as any of the Bonds shall be outstanding and unpaid, the Issuer covenants with the holders of the Bonds as follows:

So long as the Series 1979 Bonds and the 1986 Series C Bonds are outstanding, the revenues of the System, shall be used first as specified in the Ordinances authorizing the issuance of those bonds, and then as specified below. When such bonds are no longer outstanding the following shall apply:

A. The entire Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in a special fund in the Depository Bank, which fund, to be designated the "Water and Sewer System Revenue Fund" (the "Revenue Fund"), is hereby established. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) Thereafter, from the moneys in the Revenue Fund, the Issuer shall, on the first day of each month, commencing with and including the first day of that month which is seven months prior to the first interest payment date of said Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in a fund to be known as the "Sinking Fund," which is hereby created and established, a sum equal to one-sixth (1/6) of the amount of interest which will become due on the 1996 Series A Bonds on the next ensuing semiannual interest payment date; provided, however, that, in the event the period to elapse between said initial payment date and the next semiannual interest payment date is less than seven (7) months, then such monthly payments shall be increased proportionately to provide the required amount of interest payable on the next semiannual interest payment date one month prior to said date.

The Issuer shall also apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in said Sinking Fund, on the first day of each month, beginning on the first day of that month which is thirteen (13) months prior to the first principal payment date of the 1996 Series A Bonds, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on the 1996 Series A Bonds on the next ensuing principal payment date. The Issuer shall also, at the same time, remit to the Commission for deposit in the Sinking Fund a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on the 1986 Series B Bonds on the next ensuing principal payment date for such bonds. In the event there is insufficient money in the Revenue Fund to make the deposits required by this paragraph, then the Issuer shall make such deposits in the prorata manner.

The Issuer shall also, from the Revenue Fund, remit to the Commission on such dates or at such other times, as the Commission shall require, such additional sums as shall be necessary to pay the fiscal agency charges due for paying the 1996 Series A Bonds and the interest thereon and for paying the 1986 Series B Bonds.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the 1996 Series A Bonds and principal of the 1986 Series B Bonds as the same shall become due.

Notwithstanding any other provision of this Resolution, the Commission or the Issuer [as appropriate] shall immediately notify AMBAC Indemnity if at any time there are insufficient moneys to make any payment of principal and/or interest as required and immediately upon the occurrence of any Event of Default hereunder.

The Issuer shall not be required to make any further payments into said Sinking Fund on account of the Series 1996 A Bonds when the aggregate amount of funds in the Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate principal amount of 1996 Series A Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the 1996 Series A Bonds then Outstanding.

The Issuer shall not be required to make any further payments into said Sinking Fund on account of the 1986 Series B Bonds when the aggregate amount of funds in the Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate principal amount of the 1986 Series B Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1996 A Bonds herein authorized are issued, provision shall be made for additional payments into said Sinking Fund sufficient to pay the principal of and interest on such additional parity Bonds and accomplish retirement thereof at or before maturity.

The payments into the Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

(3) (a) Then from the moneys remaining in the Revenue Fund, the Issuer shall next, each month, pay into the Reserve Account an amount necessary to make up any deficiency in the Reserve Account Requirement, resulting from (i) the valuation of investments in the Reserve Account which results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of the Reserve Account is less than the Reserve Account Requirement, or (ii) withdrawals from the Reserve Account, for deposit into the Sinking Fund, beginning with the first full calendar month following the event described in either clause (i) or (ii) above. Provided, that in no event shall the amount deposited into the Reserve Account in any month be less than, in the event the deficiency in the Reserve Account Requirement is due to a decrease in the value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in the Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the Reserve Account, as described in clause (ii) above (it being understood that any such 1/12th payment shall be made in such amount for 12

consecutive months unless the amount in the Reserve Account shall have been made equal to the Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the Reserve Account whenever and as long as the amount deposited therein shall be equal to the Reserve Account Requirement.

(b) At the same time the Issuer shall pay into the Reserve Account established for the 1986 Series B Bonds an amount necessary to make up any deficiency in the Reserve Account Requirement with respect to the 1986 Series B Bonds, resulting from (i) the valuation of investments in such Reserve Account which results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of such Reserve Account is less than the Reserve Account Requirement for the 1986 Series B Bonds, or (ii) withdrawals from such Reserve Account, for deposit into the Sinking Fund, beginning with the first full calendar month following the event described in either clause (i) or (ii) above. Provided, that in no event shall the amount deposited into the Reserve Account for the 1986 Series B Bonds in any month be less than, in the event the deficiency in the Reserve Account Requirement is due to a decrease in the value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in such Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the Reserve Account, as described in clause (ii) above (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the Reserve Account shall have been made equal to the Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the Reserve Account for the 1986 Series B Bonds whenever and as long as the amount deposited therein shall be equal to the Reserve Account Requirement for the 1986 Series B Bonds.

(4) Thereafter, from the moneys remaining in said Revenue Fund, the Issuer shall next, on the first day of each month commencing with the first month in which interest shall be payable from the Revenue Fund, remit to the Depository Bank for deposit in a special depreciation account, to be designated the "Renewal and Replacement Fund," which account is hereby established and created, a sum equal to two and one-half percent (2½%) of the Revenues each month, exclusive of any payments for the account of the Reserve Account in the Sinking Fund. All funds in said Renewal and Replacement Fund shall be kept apart from all other municipal funds and shall be invested and reinvested, at the direction of the Issuer, in Qualified Investments to the fullest extent possible under applicable laws, this Resolution and the need for such moneys for the purposes set forth below.

Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, enlargements, emergency repairs, improvements and extensions to the System; provided, that any deficiency occurring in the Reserve Accounts shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) Whenever all of the required and provided transfers and payments from said Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and

paid for operating expenses and into the Sinking Fund and the Renewal and Replacement Fund during the next succeeding three (3) months, such excess shall be considered as surplus Revenues. Said surplus revenues shall be first used for the acquisition and construction of extensions, improvements and betterments to the System, and, thereafter, to the extent not needed for such purposes, may be used to purchase Bonds upon the open market at not exceeding the then applicable redemption price or to call and redeem the Bonds on the next succeeding interest payment date or for any lawful purpose of the System.

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

B. The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, as provided in Article V hereof, by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The moneys on deposit in the Revenue Fund and the Renewal and Replacement Fund (unless remitted to the Commission) in excess of the sum insured by the maximum amounts insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of State and municipal funds under the laws of the State of West Virginia.

D. The Commission shall invest the funds which it holds pursuant to this Ordinance, including the Reserve Account in the Sinking Fund, to the fullest possible extent so that all moneys shall be invested for the maximum possible period consistent with the tenor hereof.

E. Anything to the contrary herein notwithstanding, when the aggregate sum in the Sinking Fund, including the Reserve Account therein, is sufficient to pay and redeem all the Bonds Outstanding and all interest accrued and to accrue thereon and any applicable redemption premiums, the Issuer shall cause all the Bonds to be paid or called and redeemed at the earliest practicable date permitted, pursuant to the provisions hereof as to redemption of Bonds.

Section 18. The following Section 4.02 is added to the Ordinance:

Section 4.02. Payment Procedure Pursuant to the Municipal Bond Insurance Policy.

As long as the Municipal Bond Insurance Policy shall be in full force and effect, the Issuer and the Commission agree to comply with the following provisions:

(a) at least one (1) day prior to all Interest Payment Dates the Commission will determine whether there will be sufficient funds in the funds and accounts to pay the

principal of or interest on the Bonds on such Interest Payment Date. If the Commission determines that there will be insufficient funds in such funds and accounts, the Commission shall so notify AMBAC Indemnity. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest or both. If the Commission has not so notified AMBAC Indemnity at one (1) day prior to an Interest Payment Date, AMBAC Indemnity will make the payments of principal or interest due on the Bonds on or before the first 1st day next following the date on which AMBAC Indemnity shall have received notice of nonpayment from the Commission.

(b) the Registrar and the Commission, as applicable, shall, after giving notice to AMBAC Indemnity as provided in (a) above, make available to AMBAC Indemnity and, at AMBAC Indemnity's direction, to the United States Trust Company of New York, as insurance trustee for AMBAC Indemnity or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Issuer maintained by the Registrar and all records relating to the funds and accounts maintained under this Ordinance.

(c) the Registrar shall provide AMBAC Indemnity and the Insurance Trustee with a list of registered owners of Bonds entitled to receive principal or interest payments from AMBAC Indemnity under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from AMBAC Indemnity and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the registered owners of the Bonds entitled to receive full or partial principal payments from AMBAC Indemnity.

(d) the Commission shall, at the time it provides notice to AMBAC Indemnity pursuant to (a) above, notify the registered owners of the Bonds entitled to receive payment of principal and interest thereon from AMBAC Indemnity (i) as to the fact of such entitlement, (ii) that AMBAC Indemnity will remit to them all of a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal form AMBAC Indemnity, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of AMBAC Indemnity) for payment to the Insurance Trustee, and not to the Commission, and (iv) that should they be entitled to receive a partial payment of principal from AMBAC Indemnity, they must surrender their Bonds for payment thereon first to the Commission, who shall note on such Bond the portion of the principal paid by the Commission, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of the principal.

(e) in the event that the Commission has notice that any payment of principal of or interest on a Bond which has become due for payment and which is made to the Bondholder by or on behalf of the Issuer has deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Commission shall, at the time AMBAC Indemnity is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available, and the Commission shall furnish to AMBAC Indemnity its records evidencing payments of principal of and interest on the Bonds which have been made by the Commission and subsequently recovered against registered owners and the dates on which such payments were made.

(f) in addition to the rights granted to AMBAC Indemnity under this Ordinance, AMBAC Indemnity shall, to the extent it makes payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Registrar or the Commission shall note AMBAC Indemnity's rights as subrogee in the registration books of the Issuer maintained by the Registrar upon receipt from AMBAC Indemnity of proof of the payment of thereon to the registered owners of the Bonds, and (ii) in the case of the subrogation as to claims for past due principal, the Registrar or Commission shall note AMBAC Indemnity's rights as subrogee on the registration books of the Issuer maintained by the Registrar, upon surrender of the Bonds by the registered owners thereof together with proof of the payment of the principal thereof.

Section 19. Section 6.15 of the Ordinance is hereby amended and reenacted to read as follows:

Section 6.15. Books and Records.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any holder of a Bond or Bonds issued pursuant to this Ordinance 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 currently accepted accounting practices in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to the Issuer.

The Issuer shall file with the consulting engineer, the Original Purchaser and AMBAC Indemnity within 120 days following the end of each Fiscal Year, and shall mail in each year to any Bondholder requesting the same, an annual report containing the following:

A. A statement of Revenues and Operating Expenses from the System.

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Ordinance, and the status of all said funds.

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

The Issuer will permit AMBAC Indemnity to discuss the affairs, finances and accounts of the Issuer or any information AMBAC Indemnity may reasonably request regarding security for the Bonds with appropriate officers of the Issuer. The Issuer will permit AMBAC Indemnity to have access to the System and have access to and make copies of all books and records relating to the Bonds at any reasonable time.

AMBAC Indemnity shall have the right to direct an accounting at the Issuer's expense, and the Issuer's failure to comply with such direction within 30 days after receipt of written notice of direction from AMBAC Indemnity shall be deemed a default hereunder; provided, however, that if compliance cannot occur with such time period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Bonds.

Section 20. Section 6.17 of the Ordinance is hereby amended and reenacted to read as follows:

Section 6.17. Operating Budget.

The Utility Board shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt, by Resolution, a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. 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 consulting 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 Utility Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of a consulting engineer that such increased expenditures

are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to AMBAC Indemnity and any Bondholder who shall file his or her address with the Issuer and request in writing that copies of any such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Bondholder or anyone acting for and in behalf of such Bondholder.

Section 21. Section 6.21 of the Ordinance is hereby amended and reenacted to read as follows:

Section 6.21. Right to Amend.

The Issuer retains the right to make any amendments, insertions or deletions by Supplemental Resolutions of this Ordinance as the Issuer deems desirable or necessary prior to the issuance of the Bonds, including but not limited to amendments, insertions or deletions to comply with the Code. Notwithstanding the provisions of Section 9.01 hereof, the Issuer shall without consent of the Registered Owners of the Bonds amend or supplement this Ordinance by resolutions supplemental hereto or any amendatory Resolution to comply with the Code if such amendment or supplement is necessary to preserve the tax exempt status of the Bonds. In making their determination to amend or supplement this Ordinance, the Issuer may rely on the opinion of a nationally recognized bond counsel.

The Issuer also retains the right to make any amendments, insertions or deletions by Supplemental Resolution of this Ordinance as the Issuer deems necessary prior to the issuance of the Bonds to meet the requirements of the Original Purchaser or AMBAC Indemnity.

Any provision of this Ordinance expressly recognizing or granting rights in or to AMBAC Indemnity may not be amended in any manner which affects the rights of AMBAC Indemnity hereunder without the prior written consent of AMBAC Indemnity.

Unless otherwise provided in this Section, AMBAC Indemnity's consent shall be required, in addition to Bondholder consent, when required, for the following purposes: (i) adoption or enactment of any supplemental Resolution or any amendment, supplement, change to or modification hereof; (ii) removal of the Paying Agent and the selection and appointment of a successor paying agent; and (iii) the initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

Section 22. Section 6.22 of the Ordinance is hereby amended and reenacted to read as follows:

Section 6.22. Parties Interested Herein.

Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Issuer, the Paying Agent, AMBAC

Indemnity and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Paying Agent, AMBAC Indemnity and the Registered Owners of the Bonds.

Section 23. The following Section 6.22a is hereby added to the Ordinance:

Section 6.22a. AMBAC Indemnity As Third Party Beneficiary.

To the extent this Ordinance confers upon or gives or grants to AMBAC Indemnity any right, remedy or claim under or by reason of this Ordinance, AMBAC Indemnity is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 24. Section 6.24 of the Ordinance is hereby amended and reenacted to read as follows:

Section 6.24. Continuing Disclosures.

This Section 6.24 constitutes the written undertaking for the benefit of the owners of the Bonds required by the Securities and Exchange Commission Rule 15c2-12 (the "Rule").

The Issuer, as an "obligated person" within the meaning of the Rule, undertakes to provide the information as required by the Rule. The Issuer covenants to provide, as long as the Bonds remain Outstanding the following information:

(1) "Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP") or operating data with respect to the type included in those sections of the final official statement with respect to the Series 1996 A Bonds upon request by any person or at least annually to a state information depository ("SID"), if any.

(2) "Material Event" means the following events: (a) principal and interest payment delinquencies; (b) non payment related defaults; (c) unscheduled draws on debt service reserves, if any, reflecting financial difficulties; (d) scheduled draws on credit enhancements, if any, or their failure to perform; (e) substitution of credit or liquidity providers, if any, or their failure to perform; (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (g) modifications to rights of Bondholders; (h) bond calls; (i) defeasances; (j) releases, substitution or sale of property securing payment of the Bonds; or (k) rating changes.

The Issuer covenants to file with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") or to the Municipal Securities Rulemaking Board ("MSRB"), each SID, if any, and AMBAC Indemnity in a timely manner a notice of occurrence

of any of the above mentioned events with respect to the Bonds, if the Issuer has knowledge of such event. If a Material event occurs while any Bonds are Outstanding, the Issuer shall provide a Material Event Notice which states the material event and shall prominently state the date, title and CUSIP numbers of the Bonds.

Termination of Reporting Obligation. The Issuer's obligations under the continuing disclosure requirements of this Section 6.24 shall terminate upon (a) the legal defeasance, prior redemption or payment in full of all of the Bonds or (b) the assumption by a successor obligated person of all of the obligations of the prior obligated person both hereunder and under the Bonds.

Amendments. Notwithstanding any other provision of this Ordinance, the Issuer may modify or amend this Section 6.24 if the following preconditions are satisfied: (a) the amendment is being made in connection with a change of circumstances that arises form a change in legal requirements, change in law, change in the identity, nature or status of the Issuer; (b) this Ordinance, as amended, would have complied with the requirements of the Rule as of the date of issuance of the relevant Bonds, after taking into account any amendment or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment does not materially adversely affect the interests of Holders of Bonds. A written opinion of Bond Counsel to the effect that these requirements have been satisfied shall conclusively evidence compliance with the above preconditions. The Issuer shall disclose in the next Annual Report the amendment and its impact on the information being provided.

Defaults. In the event of a failure of the Issuer to comply with any provision of this Section 6.24, the Original Purchaser or any Bondholder may take such actions as may be necessary and appropriate, including seeking a writ of mandamus or specific performance by court order to cause the Issuer to comply with its obligations under this Section 6.24 shall not be deemed an Event of Default, and the sole remedy under this Ordinance in the event of any failure of the Issuer to comply with this Section 6.24 shall be an action to compel performance, provided, however, that nothing in this Ordinance shall limit any Holder's rights under applicable federal securities law.

Section 25. Section 7.01 of the Ordinance is hereby amended and reenacted to read as follows:

Section 7.01. Events of Default.

A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds.

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance, the Supplemental Resolution or in the Bonds and such default shall have continued for a period of 30 days after the

Issuer shall have been given written notice of such default by the Depository Bank holding any fund or account hereunder or a Registered Owner of a Bond; or

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

Any reorganization or liquidation plan with respect to the Issuer must be acceptable to AMBAC Indemnity. In the event of any reorganization or liquidation, AMBAC Indemnity shall have the right to vote on behalf of all bondholders who hold AMBAC Indemnity-insured bonds absent a default by AMBAC Indemnity under the Municipal Bond Insurance Policy insuring such Bonds.

Section 26. Section 7.02 of the Ordinance is hereby amended and reenacted to read as follows:

Section 7.02. Remedies.

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

Upon the occurrence of an Event of Default, the Commission may, with the consent of AMBAC Indemnity, and shall, at the direction of AMBAC Indemnity or 51% of the Bondholders with the consent of AMBAC Indemnity, by written notice to the Issuer and AMBAC Indemnity, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Ordinance or in the Bonds to the contrary notwithstanding.

Anything in the this Ordinance to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, AMBAC Indemnity shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Commission for the benefit of the Bondholders under this Ordinance, including, without limitation: (i) the right to accelerate the principal of the Bonds as described in this Ordinance, and (ii) the right to annul any declaration of acceleration, and AMBAC Indemnity shall also be entitled to approve all waivers of Events of Default.

Section 27. Section 9.04 of the Ordinance is hereby amended and reenacted to read as follows:

Section 9.04. Defeasance.

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then the pledge of net revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay, as and when due, the principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All Bonds shall, prior to the maturity or redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given the Commission, in form satisfactory to it, irrevocable instructions to publish as provided herein notice of redemption of such Bonds on said date, (b) there shall have been deposited with the Commission either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Commission at the same or earlier time, shall be sufficient, to pay when due the principal of and redemption premium, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date of maturity date thereof, as the case may be, and an opinion of nationally recognized bond counsel to the effect that such action will not adversely effect the exclusion of the interest on the Bonds from gross income for federal income tax purposes and a verification from an Independent Accountant of the sufficiency of the amounts described in clause (b) for their intended purpose, and (c) in the event said Bonds are not by their terms subject to redemption, or are otherwise not to be redeemed by the Issuer, within the next succeeding sixty (60) days, the Issuer shall have given the Commission in form satisfactory to it irrevocable instructions to publish, as soon as practicable, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Commission and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, interest on, and redemption premium, if applicable, on said Bonds. The Commission shall also notify AMBAC Indemnity that the Bonds have been defeased. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal

of and redemption premium, if applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by AMBAC Indemnity pursuant to the Municipal Bond Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Net Revenues and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of AMBAC Indemnity, and AMBAC Indemnity shall be subrogated to the rights of such registered owners.

Section 28. This Supplemental Resolution shall be effective immediately upon adoption.

Adopted this 21st day of October, 1996.

Mayor

City Clerk

SCHEDULE X

AMOUNTS, MATURITY SCHEDULE AND INTEREST RATE

MATURITY DATE	PRINCIPAL AMOUNT	INTEREST RATE	PRICE
October 1, 1997	30,000.00	3.80	100.00
October 1, 1998	30,000.00	4.10	100.00
October 1, 1999	30,000.00	4.30	100.00
October 1, 2000	35,000.00	4.45	100.00
October 1, 2001	35,000.00	4.55	100.00
October 1, 2002	35,000.00	4.70	100.00
October 1, 2003	40,000.00	4.80	100.00
October 1, 2004	40,000.00	4.90	100.00
October 1, 2005	40,000.00	5.00	100.00
October 1, 2006	45,000.00	5.10	100.00
October 1, 2007	45,000.00	5.25	100.00
October 1, 2008	50,000.00	5.30	100.00
October 1, 2009	50,000.00	5.40	100.00
October 1, 2010	55,000.00	5.45	100.00
October 1, 2025	1,280,000.00	5.75	96.49

A. Optional Redemption

The Series 1996 A Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Series 1996 A Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption.

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

B. Mandatory Redemption

The Series 1996 A Bonds maturing on October 1, 2025, ("2025 Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Bond Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

2025 TERM BONDS

Year	Principal Amount
2011	55,000.00
2012	60,000.00
2013	65,000.00
2014	65,000.00
2015	70,000.00
2016	75,000.00
2017	80,000.00
2018	85,000.00
2019	90,000.00
2020	90,000.00
2021	95,000.00
2022	105,000.00
2023	110,000.00
2024	115,000.00
2025 (final maturity)	120,000.00

C E R T I F I C A T I O N

The undersigned, **FRANCES FRYE,** City Clerk for the City of Williamson, West Virginia, does hereby certify that the foregoing is a true and correct copy of the Supplemental Resolution to Bond Refunding Ordinance as adopted at the Second Meeting of October of the City Council of Williamson, West Virginia, held in the Council Chambers on October 21, 1996, at 3:30 p.m.

DATED this 6th day of November, 1996.

FRANCES FRYE
CITY CLERK

STATE OF WEST VIRGINIA,
COUNTY OF MINGO, TO-WIT:

I, **KATHERINE SMITH,** a Notary Public, do hereby certify that **FRANCES FRYE,** City Clerk of the City of Williamson, West Virginia, whose name is subscribed to the foregoing Certification, bearing date the 6th day of November, 1996, has this day, before me and my said County and State, duly acknowledged said writing to be her act and deed as said City Clerk.

GIVEN under my hand on this 6th day of November, 1996.

I further certify that my Commission as Notary Public will expire on the 18th day of March, 1996.

NOTARY PUBLIC

(NOTARIAL SEAL)

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHERINE SMITH
CITY OF WILLIAMSON
107 E. FOURTH AVE., BOX 1517
WILLIAMSON, WV 25661
My Commission Expires March 18, 2002

Ratings: (AMBAC Insured)
Fitch: AAA
Standard & Poor's: AAA

New Issue—Full Book Entry

In the opinion of Bond Counsel, interest on the Waterworks and Sewer System Refunding Revenue Bonds, Series 1996A (the "1996A Bonds") is excludable from the gross income of the owners thereof for Federal Income Tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 as amended (the "Code") and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for the purposes of computing the alternative minimum tax. In addition, under the Act, the 1996A Bonds and the interest thereon are exempt from all taxation hy the State of West Virginia or any county, municipality, political subdivision or agency thereof (See "Tax Exemption" herein).

$1,840,000
The City of Williamson, West Virginia
Waterworks and Sewer System
Revenue Refunding Bonds
Series 1996A

Dated: October 1, 1996 **Due: October 1, as shown below**

The 1996A Bonds will be issued in fully registered form only and, when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 1996A Bonds. Individual purchases will be made in book-entry form only in the principal amount of five thousand dollars ($5,000) or integral multiples thereof. Purchasers of the 1996A Bonds will not receive certificates representing their interests in the 1996A Bonds. See "DESCRIPTION OF THE 1996A BONDS—Book-Entry Only System" herein.

The 1996A Bonds will be issued, together with other funds available therefor, for the purpose of advance refunding $1,347,489 outstanding of $1,402,664 Sewer Revenue Bonds, Series 1986 issued by the City on behalf of the Utility Board thereof for the purpose of acquiring and constructing a wastewater collection and treatment system (the "System"), to fund a reserve account, and to pay certain costs of issuance and other related costs (see "FINANCING PLAN" herein).

The City has designated the 1996A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. In the opinion of Bond Counsel, the 1996A Bonds are "qualified tax-exempt obligations," and the provision of the code which disallows the deductibility of all interest expense payable by financial institutions on debt incurred or continued to purchase or carry most tax-exempt obligations does not apply to the 1996A Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the 1996A Bonds will be deductible for federal income tax purposes.

Interest on the 1996A Bonds will accrue from October 1, 1996, and will be payable April 1, 1997 and semiannually thereafter (each April 1 and October 1) in each year to maturity. The principal of and interest on the 1996A Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the 1996A Bonds, as described herein. Bank One, West Virginia, National Association, Charleston, West Virginia, shall be the paying agent for the 1996A Bonds.

The 1996A Bonds are subject to optional and mandatory redemption as more fully described herein (see "DESCRIPTION OF THE 1996A BONDS" herein).

Payment of the principal of and interest on the 1996A Bonds when due will be insured by a municipal bond insurance policy to be issued by AMBAC Indemnity Corporation simultaneously with the delivery of the 1996A Bonds.

AMBAC
INDEMNITY CORPORATION

THE 1996A BONDS ARE PAYABLE SOLELY FROM AND SECURED BY A SHARED SECOND AND JUNIOR LIEN ON THE NET REVENUE DERIVED FROM THE OPERATION OF THE SYSTEM, AND DO NOT CONSTITUTE A DEBT OR GENERAL OBLIGATION OF THE CITY of WILLIAMSON, WEST VIRGINIA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS OR LIMITATIONS.

AMOUNTS, MATURITY SCHEDULES AND INTEREST RATES

Amount	Year	Interest Rate	Price	Amount	Year	Interest Rate	Price
$30,000	1997	3.80%	100%	$40,000	2004	4.90%	100%
30,000	1998	4.10%	100%	40,000	2005	5.00%	100%
30,000	1999	4.30%	100%	45,000	2006	5.10%	100%
35,000	2000	4.45%	100%	45,000	2007	5.25%	100%
35,000	2001	4.55%	100%	50,000	2008	5.30%	100%
35,000	2002	4.70%	100%	50,000	2009	5.40%	100%
40,000	2003	4.80%	100%	55,000	2010	5.45%	100%

$1,280,000—5.50% Term Bonds Due 2025—Price 96.49%
(accrued interest to be added)

The 1996A Bonds are offered when, as and if issued and received, subject to the approval of their legality by Vaughan & Withrow, Charleston, West Virginia, Bond Counsel, and to certain other conditions. Certain legal matters will be passed on for the City by J. Timothy Poore, Williamson, West Virginia, City Attorney, for the Utility Board by Ronald J. Rumora, Esquire, Williamson, West Virginia, Board Attorney, and for the Underwriters by Bowles Rice McDavid Graff & Love, Charleston, West Virginia, Counsel to the Underwriter. It is expected that the 1996A Bonds will be available for delivery at DTC, in New York, New York on or about November 7, 1996.

WHEAT FIRST BUTCHER SINGER

Dated: October 21, 1996

THE CITY OF WILLIAMSON, WEST VIRGINIA

MAYOR

Sam G. Kapourales

COUNCIL

Estil L. Bevins
Robert Alexander
James Maynard
James Vanzant

CITY ADMINISTRATION

J. Timothy Poore—City Attorney
Frances K. Frye—City Clerk

UTILITY BOARD

J. Brooks Lawson, Jr.—Chairman
Clarence H. Mitchell—Vice Chairman
Charles Smith—Secretary/Treasurer
Douglas Jackson—Member
Billy B. Hatfield—Member

UTILITY BOARD ADMINISTRATION

Earl Duba—Superintendent
Richard D. Ailiff, Jr.—Assistant Superintendant
Claudine Ailiff—Office Manager
Ronald J. Rumora—Board Attorney

BOND COUNSEL

Vaughan & Withrow
Charleston, West Virginia

UNDERWRITER

Wheat First Butcher Singer
Charleston, West Virginia

The 1996A Bonds are exempt from registration under the Securities Act of 1933. As obligations of a political subdivision of the State of West Virginia, the 1996A Bonds are also exempt from registration under the securities laws of West Virginia. No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there by any sale of the 1996A Bonds by any person in any jurisdiction in whieh it is unlawful to such person to make such offer, solicitation or sale. The information and expressions of opinion herein have been obtained from the City, the Utility Board and other sources deemed to be reliable, but are not guaranteed as to accuracy or completeness by, and are not to be construed to be representations of, the Underwriters. The information herein is subject to change wihtout notice. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City, the Utility Board or the System since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 1996A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$1,840,000

THE CITY OF WILLIAMSON, WEST VIRGINIA

Waterworks and Sewer System Revenue Refunding Bonds

Series 1996A

October 21, 1996

INTRODUCTION

The purpose of this Official Statement, including the cover page and the Appendices hereto, is to furnish information in connection with the issuance by The City of Williamson, West Virginia (the "City"), of $1,840,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A (the "1996A Bonds"). The 1996A Bonds are issued and secured in accordance with Article 20 of Chapter 8 (the "Act") of the West Virginia Code 1931, as amended (the "Act"), and pursuant to the provision of an Ordinance enacted by the Council of The City of Williamson, West Virginia (the "City Council"), on June 13, 1996, as supplemented by a Supplemental Resolution adopted on October 21, 1996 (collectively "1996 Ordinance").

The proceeds of the sale of the 1996A Bonds, together with other funds available therefor, will be used to advance refund the outstanding The City of Williamson Waterworks and Sewer Revenue Bonds, Series 1986A Bonds, dated May 28, 1986, issued in the original amount of $1,402,664 and currently outstanding in the principal amount of $1,347,489 (the "Refunded Bonds"), fund a reserve account for the 1996A Bonds and pay costs of issuance of the 1996A Bonds and related costs.

Upon issuance, a portion of the proceeds of the 1996A Bonds will be irrevocably deposited with Bank One, West Virginia, National Association, Charleston, West Virginia (the "Escrow Agent"). The proceeds of the 1996A Bonds so deposited will be used to purchase United States Government Obligations.

The acquisition and construction of the System was financed in part by the proceeds of prior bond and note issues of the City, including $2,200,000 in original principal amount of Waterworks and Sewer Revenue Bonds of 1979 (the "1979 Bonds"), which are secured by a first lien on the net revenues of the System; $1,402,664 in original principal amount of Waterworks and Sewer Revenue Bonds, Series 1986A (the "Refunded Bonds") which are secured by a first lien on the net revenues of the System; $698,295 in original principal amount of Waterworks and Sewer Revenue Bonds, Series 1986B (the "1986 Series B Bonds"), which are secured by a second and junior lien on the net revenues of the System; and $1,800,000 in original principal amount of Waterworks and Sewer Revenue Bonds, Series 1986C (the "1986 Series C Bonds"), which are secured by a first lien on the net revenues of the System.

The 1979 Bonds are currently outstanding in the aggregate principal amount of $1,863,919, the Refunded Bonds are currently outstanding in the aggregate principal amount of $1,347,489, the 1986 Series B Bonds are currently outstanding in the aggregate principal amount of $551,285, and the 1986 Series C Bonds are currently outstanding in the aggregate principal amount of $1,593,151.

After the issuance of the Series 1996A Bonds, the 1979 Bonds and the 1986 Series C Bonds will be secured by a shared first lien on the net revenues of the System, and the 1986 Series B Bonds and the 1996A Bonds will be secured by a shared second and junior lien on the net revenues of the System.

The Refunded Bonds were sold pursuant to a loan agreement with the West Virginia Water Development Authority ("WDA"). In April of 1991, pursuant to a refunding of the WDA's outstanding 1985 Series B Bonds, the WDA, as permitted by the terms of its agreement with the City, extended the call date of its loan to the City which was being paid by the Refunded Bonds to November 1, 2001 at a call price of 102%. See "Estimated Sources and Uses of Funds", herein.

The 1996A Bonds are payable from and secured by a shared second and junior lien on the Net Revenues, as defined in the Bond Ordinance, derived from the System, and from funds on deposit in the Sinking Fund. The 1996A Bonds do not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, and the City shall not be obligated to pay the 1996A Bonds or any premium or the interest thereon except from such Net Revenues and such funds on deposit. Pursuant to the Bond Ordinance, the City has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the system and the services rendered thereby as will always produce Net Revenues, equal to at least 125% of the maximum annual amount required to pay the principal of and interest on the 1996A Bonds and any bonds superior or parity therewith, in each Fiscal Year. See "ADDITIONAL SECURITY FOR THE 1996A BONDS - Rate Covenant". The payment of the principal or redemption price of and interest on the Refunded Bonds will be made as described hereinafter under the heading "FINANCING PLAN".

The City may issue additional bonds on a parity with the 1996A Bonds for the purpose of (i) financing the cost of the construction or acquisition of additions, improvements and betterments to the System, (ii) refunding all or a portion of one or more series of bonds issued pursuant to the Ordinance, (iii) to pay claims which may exist against the revenues or facilities of the System, or (iv) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Ordinance (the 1996A Bonds and any such additional parity bonds are hereinafter referred to as the "Bonds"). See "ADDITIONAL SECURITY FOR THE SERIES 1996A BONDS - Parity Bonds".

Brief descriptions of the 1996A Bonds, the Ordinance, the Utility Board, the System, financial operations, the Escrow Agreement, the City and certain provisions of the Act are set forth in this Official Statement as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, provisions of the Act, or other applicable references herein to the Ordinance, provisions of the Act, or other applicable laws of the State are qualified in their entirety by reference to each such document. References herein to the 1996A Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents.

FINANCING PLAN

The 1996A Bonds are being issued for the primary purpose of refunding, in advance of the maturity thereof, the Refunded Bonds, which are presently outstanding in the aggregate principal amount of $1,347,489. The refunding is being undertaken to effect a savings in aggregate debt service for the City. The moneys and securities required to refund the Refunded Bonds will be deposited in or credited to a special and irrevocable trust fund designated "The City of Williamson Waterworks and Sewer System Revenue Refunding Bonds, 1996A Bonds Escrow Fund" (the "Escrow Fund") created under an Escrow Agreement (the "Escrow Agreement"), among the City, the West Virginia Municipal Bond Commission (the "Commission") and the Escrow Agent. The Escrow Fund is to be held by the Escrow Agent in trust for the payment of the Refunded Bonds and for the benefit of the holders thereof.

Pursuant to the Supplemental Resolution and in accordance with the Escrow Agreement, the City has elected to redeem on October 1, 2001, prior to their maturity $1,289,864 in aggregate principal amount of the Refunded Bonds maturing on and after October 1, 2002. Concurrently with the delivery of the 1996A Bonds, the City shall apply such funds from the proceeds of sale of the 1996A Bonds, together with other funds available therefor, to the purchase of certain Government Obligations as defined under "SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE -Definitions". The maturing principal of and interest on the Government Obligations, credited to and deposited in the Escrow Fund, together with any initial cash deposited therein, will be sufficient to pay (1) the principal of the Refunded Bonds as the same become due and payable, (2) the redemption price of 113.48% of $1,289,864 in aggregate principal amount of Refunded Bonds maturing on and after October 1, 2002, at the optional redemption thereof on October 1, 2001, and (3) the interest on the Refunded Bonds as the same comes due to maturity or prior redemption thereof.

The Escrow Agent will disburse from the Escrow Fund to the paying agent for the Refunded Bonds such amounts as shall be necessary to pay the Refunded Bonds and the interest thereon when due, whether by maturity, mandatory sinking fund redemption or optional redemption, as described above. The Escrow Agent will cause to be given notice of the call for redemption prior to maturity of the Refunded Bonds designated for prior redemption on October 1, 2001, as described above, and will disburse from the Escrow Fund to the designated paying agent for the Refunded Bonds such amounts as shall be necessary to pay the redemption price thereof on October 1, 2001.

Upon the deposit of the Government Obligations and cash into the Escrow Fund for the Refunded Bonds, the 1996A Bonds will be secured by the Bond Ordinance with a shared second and junior lien on the Net Revenues of the System.

Estimated Sources and Uses of Funds

Sources of Funds		
Principal Amount of 1996A Bonds	$1,840,000.00	
Moneys Available from the City (1)	192,524.89	
Accrued Interest	9,774.00	
Total Sources of Funds		$2,042,298.89
Uses of Funds		
Escrow Fund (2)	$1,714,345.00	
Reserve Account Requirement (3)	129,875.00	
Underwriters' Discount	44,160.00	
Costs of Issuance (4)	99,216.89	
Accrued Interest	9,774.00	
Original Issue Discount	44,928.00	
Total Uses of Funds		$2,042,298.89

(1) Moneys held by the West Virginia Municipal Bond Commission in the sinking fund created under the Refunded Bond legislation.

(2) The amount set forth in the Escrow Agreement as required, together with the income thereon, to effect the refunding of the Refunded Bonds as described above.

(3) An amount equal to the maximum amount of principal and interest which will come due on the 1996A Bonds in any fiscal year.

(4) Includes a one-time bond insurance premium to AMBAC.

DESCRIPTION OF THE 1996A BONDS

The City will issue $1,840,000 principal amount of the 1996A Bonds. The Bonds will be issued pursuant to the Ordinance. The proceeds of the 1996A Bonds will be used, together with other monies available to the City, to accomplish an advanced refunding of the Refunded Bonds.

The 1996A Bonds are available in book-entry form only. See "Book-Entry Only System" below. So long as Cede & Co. is the registered owner of the 1996A Bonds as nominee of The Depository Trust Company, New York, New York, references herein to the Bondholders or registered owners of the 1996A Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the 1996A Bonds. Bank One, West Virginia, National Association, Charleston, West Virginia, shall be the Paying Agent and the Registrar for the 1996A Bonds.

The principal and interest on the 1996A Bonds are secured by a shared second and junior lien on the Net Revenues of the System as more fully described in "FINANCING PLAN".

The principal of, premium, if any, and interest on the 1996A Bonds will be payable at the office of the Paying Agent.

The 1996A Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. Interest on the 1996A Bonds is payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by Bank One, West Virginia, National Association, Charleston, West Virginia, as registrar (the "Registrar"), for the registration and transfer of bonds (the "Register") as of the fifteenth (15th) day of the month preceding such interest payment date or, in the event of a default in the payment of the 1996A Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date (the "Record Date") or, if requested, in the case of such an owner of $1,000,000 or more in principal amount of 1996A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to the Record Date by such owner. Principal of and premium, if any, on the 1996A Bonds is payable to the owner thereof upon surrender thereof at the principal corporate trust department office of the Registrar, as paying agent (the "Paying Agent").

The 1996A Bonds will be dated October 1, 1996. The Bonds will bear interest at the rates and mature in the amounts set forth on the cover page of this Official Statement. The 1996A Bonds will be issued in fully registered form.

Optional Redemption

The 1996A Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the City, the 1996A Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

Mandatory Redemption

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Bond Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

Year	Principal Amount	Year	Principal Amount
2011	$ 55,000	2019	$ 90,000
2012	60,000	2020	90,000
2013	65,000	2021	95,000
2014	65,000	2022	105,000
2015	70,000	2023	110,000
2016	75,000	2024	115,000
2017	80,000	2025	120,000*
2018	85,000		

*Final Maturity

Notice of Redemption

The Registrar shall cause notice of any redemption of Bonds to be mailed by first class mail to the Owners of all Bonds to be redeemed at the addresses thereof appearing in the Registration Books. Each such notice shall (i) be mailed not more than 60 days nor less than 30 days prior to the redemption date, (ii) identify the 1996A Bonds to be redeemed (specifying the CUSIP numbers, if any, assigned to the 1996A Bonds), (iii) specify the redemption date and the Redemption Price, and (iv) state that on the redemption date the 1996A Bonds called for redemption will be payable at the principal corporate trust office of the Paying Agent, that from that date the 1996A Bonds called for redemption will be deemed to be paid, and interest will cease to accrue, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds for which notice was properly given.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, and it successor, will act as securities depository for the 1996A Bonds. The 1996A Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's Partnership nominee). One fully-registered 1996A Bonds Certificate for each maturity will be issued, in the aggregate principal amount of such issue, and will be deposited with DTC.

So long as DTC or its nominee is the registered owner of the 1996A Bonds, payment of the principal of and interest on the 1996A Bonds will be payable directly to DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need of physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of 1996A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each 1996A Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 1996A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 1996A Bonds, except in the event that use of the book-entry system for the 1996A Bonds is discontinued.

To facilitate subsequent transfers, all 1996A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of 1996A Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 1996A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 1996A Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. if less than all of the 1996A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be determined.

Neither DTC nor Cede & Co. will consent or vote with respect to 1996A Bonds. Under its usual procedure, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 1996A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 1996A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal and interest to DTC is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 1996A Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, 1996A Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (Or a successor securities depository). In the event 1996A Bond Certificates will be printed and delivered.

The information concerning DTC and DTC's book-entry system set forth above was obtained from DTC. Neither the City nor the Underwriters make any representation or warranty regarding the accuracy or completeness hereof.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE CITY SHALL TREAT CEDE & CO. AS THE ONLY BONDHOLDER FOR ALL PURPOSES UNDER THE BOND ORDINANCE, INCLUDING RECEIPT OF ALL PRINCIPAL AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE CITY AND PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER SUCH BOND ORDINANCE. THE CITY AND THE PAYING AGENT HAVE NO RESPONSIBILITY OR OBLIGATION

TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (B) THE PAYMENT BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND ORDINANCE TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Issuance of Additional Parity Bonds

As set forth in the Ordinance, the City may issue additional bonds ("Additional Bonds") equally and ratably secured with the 1996A Bonds to pay the cost of further extensions and improvements to the System upon certain terms and conditions as more fully described in the subsection entitled "Issuance of Other Obligations Payable from Revenues and General Covenant Against Encumbrances" in the section herein entitled "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE". The 1996A Bonds and any Additional Bonds which may be issued by the City are hereinafter collectively referred to as the "Bonds".

Authorization for Issuance

The 1996A Bonds are being issued pursuant to the Act and the 1996 Ordinance. The Act authorizes the issuance of refunding bonds of the City to pay or discharge all or any part of its outstanding revenue bonds including interest thereon. The issuance of revenue bonds by the City is not required by the Act or any other statute to be submitted to referendum for approval.

BOND INSURANCE

Payment Pursuant to Municipal Bond Insurance Policy

AMBAC Indemnity has made a commitment to issue a municipal bond insurance policy (the "Municipal Bond Insurance Policy") relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Municipal Bond Insurance Policy, AMBAC Indemnity will pay to the United States Trust Company of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Municipal Bond Insurance Policy). AMBAC Indemnity will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which AMBAC Indemnity shall have received notice of Nonpayment from the Trustee/Paying Agent. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by AMBAC Indemnity.

The Municipal Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, AMBAC Indemnity will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee/Paying Agent has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available.

The Municipal Bond Insurance Policy does not insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Municipal Bond Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.

2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Municipal Bond Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of AMBAC Indemnity to the extent of the payment under the Municipal Bond Insurance Policy. Payment of interest pursuant to the Municipal Bond Insurance Policy requires proof of the Bondholder entitlement to interest payments and an appropriate assignment of the Bondholder's right to payment to AMBAC Indemnity.

Upon payment of the insurance benefits, AMBAC Indemnity will become the owner of the Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Bond and will be fully subrogated to the surrendering Bondholder's rights to payment.

AMBAC Indemnity Corporation

AMBAC Indemnity Corporation ("AMBAC Indemnity") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately $2,505,000,000 (unaudited) and statutory capital of approximately $1,384,000,000 (unaudited) as of June 30, 1996. Statutory capital consists of AMBAC Indemnity's policyholders' surplus and statutory contingency reserve. AMBAC Indemnity is a wholly owned subsidiary of AMBAC Inc., a 100% publicly-held company. Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. and Fitch Investors Services, L.P. have each assigned a triple-A claims-paying ability rating to AMBAC Indemnity.

AMBAC Indemnity has entered into pro rata reinsurance agreements under which a percentage of the insurance underwritten pursuant to certain municipal bond insurance programs of AMBAC Indemnity has been and will be assumed by a number of foreign and domestic unaffiliated reinsurers.

AMBAC Indemnity has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by AMBAC Indemnity will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by AMBAC Indemnity under policy provisions substantially identical to those contained in its municipal bond insurance

policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer of the Bonds.

AMBAC Indemnity makes no representation regarding the 1996A Bonds or the advisability of investing in the 1996A Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by AMBAC Indemnity and presented under the heading "Bond Insurance."

Available Information

The parent company of AMBAC Indemnity, AMBAC Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. (the "NYSE") at 20 Broad Street, New York, New York 10005. The Company's Common Stock is listed on the NYSE.

Copies of AMBAC Indemnity's financial statements prepared in accordance with statutory accounting standards are available from AMBAC Indemnity. The address of AMBAC's Indemnity's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York, 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Commission (File No. 1-10777) are incorporated by reference in this Official Statement.

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 and filed on April I, 1996;

(2) The Company's Current Report on Form 8-K dated January 31, 1996 and filed on February 28, 1996;

(3) The Company's Current Report on Form 8-K dated March 13, 1996 and filed on March I4, 1996;

(4) The Company's Current Report on Form 8-K/A, First Amendment to Current Report on Form 8-K dated March 13, 1996 and filed on March 15, 1996;

(5) The Company's Quarterly Report on Form 10-Q for the period ended March 31, 1996 and filed on May 15, 1996; and

(6) The Company's Quarterly Report on Form 10-Q for the period ended June 30, 1996 and filed on August 14, 1996.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "**AVAILABLE INFORMATION**".

ADDITIONAL SECURITY FOR THE 1996A BONDS

Following the issuance of the 1996A Bonds and the defeasance of the Refunded Bonds the 1996A Bonds will have a shared second and junior lien position on the Net Revenues of the System.

Upon the deposit of the Government Obligations and cash into the escrow fund for the Refunded Bonds, the pledge of the net revenues, Refunded Bonds proceeds and other moneys and securities pledged under the 1986 Ordinance will be discharged and satisfied therefrom, the 1996A Bonds will be secured by the Bond Ordinance with a shared second and junior lien on the Net Revenues of the System. No lien is or may be created on any physical property of the System, but the Bond Ordinance and the Act provide, among other remedies, that upon default a receiver may be appointed to operate the System.

Neither the full faith and credit, nor the taxing power of the City, nor any funds other than the Net Revenues of the System, are pledged to the payment of the 1996A Bonds, and the 1996A Bonds do not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provision or limitation.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with a State banking corporation or national banking association selected by the Utility Board (the "Depository Bank"), for disposition in the following order of priority (except as described below):

(1) First, each month, to pay the current Operating Expenses of the System;

(2) Pay such amounts as are required to be paid on the 1979 Bonds and the 1986 Series C Bonds;

(3) Thereafter from the moneys in the Revenue Fund to make the following deposits in the Sinking Fund simultaneously and pro rata with the payments required for the 1986 Series B Bonds and the Refunded Bonds (and after the defeasance of the Refunded Bonds, the payments required for the 1996A Bonds):

(a) On the first (1st) day of each month, beginning seven (7) months prior to the first (1st) interest payment date, one-sixth (1/6) of the amount of interest payable on the next ensuing semiannual interest payment date shall be deposited;

(b) On the first (1st) day of each month beginning thirteen (13) months prior to the first (1st) principal payment date or mandatory redemption date, one-twelfth (1/12) of the amount of principal which will mature or be redeemed shall be deposited;

(c) As may be required any fiscal charges for paying principal and interest on the 1996A Bonds.

(4) Then from the moneys remaining in the Revenue Fund, the City shall next, each month, pay into the Reserve Account an amount necessary to make up any deficiency in the 1996A Bonds Reserve Account

Requirement resulting from (i) the valuation of investments in the 1996A Bonds Reserve Account which results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of the 1996A Bonds Reserve Account is less than the 1996A Bonds Reserve Account Requirement, or (ii) withdrawals from the 1996A Bonds Reserve Account for deposit into the Sinking Fund, beginning with the first full calendar month following the event described in either clause (i) or (ii) above. Provided, that in no event shall the amount deposited into the 1996A Bonds Reserve Account in any month be less than, in the event the deficiency in the 1996A Bonds Reserve Account Requirement is due to a decrease in the Value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in the 1996A Bonds Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the 1996A Bonds Reserve Account as described in clause (ii) above (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the 1996A Bonds Reserve Account shall have been made equal to the 1996A Bonds Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the 1996A Bonds Reserve Account whenever and as long as the amount deposited therein (including any 1996A Bonds Reserve Account Credit Facility) shall be equal to the 1996A Bonds Reserve Account Requirement;

(5) Thereafter on the first (1st) day of each month the City is required to place a sum equal to two and one-half percent (2-1/2%) of Gross Revenues (less amounts deposited to the 1996A Bonds Reserve Account) in the Renewal and Replacement Fund;

(6) After the required and provided transfers and payments have been made, the balance of the net revenues of the System may be transferred to the Sinking Fund or used by the City for additions to, or for any other lawful purpose related to, the System, after the establishment of certain additional reserves as described in more detail in the subsection entitled "Application of Revenues" in the section herein entitled "Summary of Certain Provisions of the Bond Ordinance".

Rate Covenant

The City covenants to charge and collect rates and charges for the use of and for the services provided by the System as will produce revenues sufficient to pay the expenses of operating, maintaining and repairing the System and leave a balance each year equal to at least one hundred twenty-five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, as the same become due and accomplish retirement of all Bonds for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. An increase in rates by the City is subject to review and modification by the Public Service Commission of West Virginia if an aggrieved customer files with the Commission a petition signed by at least twenty-five percent (25%) of the customers of the System within thirty (30) days of the adoption of the Bond Ordinance providing for the increase (see the section herein entitled "Rates and Charges"). The City also covenants in the Bond Ordinance that it will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of West Virginia and will segregate the revenue therefrom and make application thereof as provided in the Bond Ordinance.

Parity Obligations

The Bond Ordinance provides that as long as any of the 1996A Bonds remain outstanding no other bonds or other obligations may be issued or incurred having a priority or preference over the 1996A Bonds with respect to the net revenues of the System. The Bond Ordinance provides, however, that the City may, upon satisfying certain conditions as described in the subsection entitled "Issuance of Other Obligations Payable Out

of Revenues and General Covenant Against Encumbrances" in the section herein entitled "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE", issue Additional Bonds payable from and secured by the net revenues of the System on a parity with the 1996A Bonds.

Enforcement of Collections

The City covenants in the Ordinance to diligently enforce and collect all fees, rates, 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, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State. Under the Act, as hereinafter defined, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

The City further covenants and agrees that it will, subject to applicable State law and regulations, and under such reasonable rules and regulations as may be prescribed by the Public Service Commission of West Virginia and the City, discontinue sewer services to all delinquent users of sewer services and will not restore such services until all delinquent amounts, plus reasonable interest and penalty charges for the restoration of service, have been fully paid. (See "THE SYSTEM - Customer Statistics").

Mandatory Connection

The City covenants that, within the geographic limits of the City and subject to State laws and regulations, every owner, tenant or occupant of every house, dwelling or building located near the System, shall connect with the System and shall thereupon and thereafter refrain from using and shall cease to use all other means for the collection, treatment and disposal of sewage or waste matter and shall pay all charges, fees and rates lawfully provided for use of the System.

Within the geographic limits of the City and subject to applicable State laws and regulations, any such building or structure from which emanates sewage or water-borne waste matter and is not so connected with the System is declared and found by the Ordinance to be a hazard to the health, safety, comfort and welfare of the inhabitants of the City 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.

THE SYSTEM

Water and Sewerage Service

The System, pursuant to statute, is under the custody, supervision, control, administration, maintenance and operation of the Utility Board (the "Utility Board"), The Utility Board provides water service through a plant currently pumping approximately 2,500,000 gallons per day and operates a sewage collection and treatment system with a treatment plant of approximately 1,038,000 gallons per day capacity and about 22 miles of sewer lines. The System is valued at approximately Fourteen Million Five Hundred Thousand Dollars ($14,500,000). The water system serves the entire City and certain outlying areas. The sewerage system covers approximately seventy-five percent (75%) of the City as well as South Williamson, Kentucky with a total population of approximately four thousand two hundred (4,200) and a customer count of approximately 2,040. Certain facilities of the base System were constructed through funds provided from the sale of revenue bonds including the Refunded Bonds which were issued in the original amount of One Million Four Hundred Two Thousand Six Hundred and Sixty-four Dollars ($1,402,664) of which $1,347,489 are outstanding as of

September, 1996. These Bonds are payable from user charges which provide the requisite net revenues for payment of these and other revenue bonds. See "Introduction".

Organization and Administration

The System is a municipally owned public water and sewer utility operated in accordance with the Act and the rules and regulations of the Public Service Commission of West Virginia (the "PSC"). The Utility Board was created by the City by an ordinance passed in 1979 to acquire, construct, equip, operate and maintain a water gathering and distribution system and a sewage collection and disposal system. The Utility Board serves as the policy making body for the System. The Utility Board consists of three members, with the Mayor of the City as ex-officio chairman. Two (2) other members are appointed by City Council to staggered three (3) year terms. During any period of construction, one member must be a Registered Professional Engineer. Under the Act, the City Council retains the authority to establish and maintain rates and charges for the use of services provided by the Utility Board and to issue bonds on behalf of the City for the purpose of paying the costs of improvements and extensions to the System.

The present membership of the Utility Board is as follows:

J. Brooks Lawson, Jr. ..... Chairman
Term Expires December 31, 1997

Clarence H. Mitchell ..... Vice Chairman
Term Expires December 31,1996

Charles Smith ..... Member
Term Expires December 31, 1996

Douglas Jackson ..... Member
Term Expires December 31, 1996

Billy B. Hatfield ..... Member
Term Expires December 31,2000

The Utility Board operates through three (3) divisions: Administration, Plant and Collection System Operation and Maintenance. In addition to the general manager and staff engineer, the Utility Board employs a staff of twenty (20) full-time employees and has an annual budget in excess of $1,800,000.

Certain administrative staff members and professionals are employed or retained by the Utility Board as follows:

Earl Duba, Superintendent, of the Utility Board, has served in this position since 1993.

Richard D. Ailiff, Jr. ..... Assistant Superintendent

Claudine Ailiff ..... Office Manager

Ronald J. Rumora ..... Board Attorney

Service Area

The City is located in the southwestern part of Mingo County, West Virginia, approximately ninety (90) miles southeast of Charleston, the State Capitol and contiguous to the West Virginia-Kentucky border.

The System presently serves the area that comprises Williamson and certain unincorporated areas, including a portion of the South Williamson, Kentucky and Nolan, West Virginia, as well as to providing services to certain local public service districts.

The Utility Board has provided water service to Chatteroy Public Service District ("Chatteroy PSD") since January 1, 1984. Chatteroy PSD is located about two miles down the Tug Fork Valley from Williamson. Water is provided in bulk to them and the district is treated as a customer of the Utility Board. Chatteroy PSD serves 406 customers.

The Utility Board also provides water in bulk to the small community of Nolan, West Virginia, which is about five miles below Williamson within the Tug Fork Valley. The community is also a customer of the Utility Board. Nolan serves 218 customers.

Water is also provided in bulk to Mountain Water Public Service District across the Tug Fork in Kentucky. Mountain Water serves 3600 customers.

Two 6 inch water lines provide service to the Appalachian Plaza and the Appalachian Regional Hospital across the Tug Fork in Kentucky. Sewerage service is also provided to Appalachian Plaza and the Appalachian Regional Hospital and each is treated as a separate water and sewerage customer of the Utility Board.

Existing Facilities

The Williamson sewerage system was begun in 1960. The City has storm, sanitary and combined sewers. Sewer construction has taken place to a greater or lesser degree continuously since 1987.

A primary sewage treatment plant was built in 1964, improvements were made in 1987, and converted to an activated sludge plant in 1987.

There are approximately twenty-two (22) miles of sewer lines in the City.

The City's water system collects, treats and distributes potable water to residential, commercial and industrial customers within the service area from its water treatment plant designed to pump 2,800,000 gallons per day with a capacity of up to 4,200,000 gallons per day.

The water system is supplied by a gravity feed pump which draws raw water from the aquifer underlying the Tug Fork and deposits it in the plant's wet-wells. Once in the plant's wet-wells the raw water is treated through a chemical process that involves mixing, settling and filtering of the potable water. Average daily consumption is currently about 2,500,000 gallons per day.

Other raw materials necessary for the production of potable water include chemicals and electric power supply. Chemicals are purchased through annual contracts with reliable suppliers. The Utility Board has encountered no difficulties in obtaining adequate chemicals. The required electrical energy is furnished through the system of Appalachian Power Company. While short electrical interruptions are sometimes experienced, these interruptions have not created any serious problems for the Utility Board.

Customers

The Utility Board's average number of customers for the fiscal years ending June 30, 1990 through 1995 are as follows:

Year	Number of Customers
1991	1649
1992	1643
1993	1639
1994	1633
1995	1626
1996	2041

Customer totals have increased by three hundred ninety-two (392) from 1991 to 1995. The Board's service area extends outside the corporate limits of Williamson.

The following table sets forth the major sewer customers of the City for the fiscal year ended June 30, 1996:

Major Customers	Gallons (000)	June 30, 1996 Revenue	% of Total Utility Board Operating Revenues
Mingo Manor	5,288	$19,694.78	.91%
Southside Mall	12,267	29,644.56	1.36%
Housing Authority	5,527	23,225.66	1.07%
Mingo County Board of Education	3,482	25,466.12	1.17%
Super 8 Motel	1,940	5,625.49	.26%
Williamson Towers	1,632	7,336.36	.34%
Virginia Apartments	824	3,800.01	.18%
Mingo County Courthouse Complex	2,498	12,205.58	.56%
L.S.R. Realty	1,823	9,259.76	.43%
Major Industrial Customers			
N & S Railway	10,237	43,817.13	2.02%
Appalachian Regional Hospital	59,229	243,594.02	11.21%
Williamson Memorial Hospital	8,517	34,886.43	1.61%

RATES AND CHARGES

Since May 1, 1987, charges, for most customers of the System, are calculated as follows:

For water inside the corporate limits of Williamson:

up to	3,000 gallons water used per month	$	10.20 per month
4,000 to	20,000 gallons water used per month	$	2.50 per thousand gal.
next	30,000 gallons water used per month	$	2.35 per thousand gal.
next	50,000 gallons water used per month	$	2.25 per thousand gal.
next	100,000 gallons water used per month	$	2.15 per thousand gal.

No bill will be rendered for less than the following amounts, according to the size of the meter installed:

¾	inch meter or less	$	10.20 per month
1	inch meter or less	$	26.10 per month
1-½	inch meter or less	$	58.75 per month
2	inch meter or less	$	104.75 per month
3	inch meter or less	$	235.00 per month
4	inch meter or less	$	433.85 per month
6	inch meter or less	$	940.05 per month
8	inch meter or less	$	1,671.17 per month

For sewage inside the corporate limits of Williamson:

first	20,000 gallons water used per month	$	3.41 per thousand gal.
next	30,000 gallons water used per month	$	2.37 per thousand gal.
next	50,000 gallons water used per month	$	2.04 per thousand gal.
next	100,000 gallons water used per month	$	1.63 per thousand gal.

For water outside the corporate limits of Williamson:

up to	4,000 gallons water used per month	$	15.08 per month
4,000 to	20,000 gallons water used per month	$	3.77 per thousand gal.
next	30,000 gallons water used per month	$	2.98 per thousand gal.
next	50,000 gallons water used per month	$	2.75 per thousand gal.
next	90,000 gallons water used per month	$	2.65 per thousand gal.
over	100,000 gallons water used per month	$	2.50 per thousand gal.

For sewage outside the corporate limits of Williamson:

First	20,000 gallons water used per month	$	3.82 per thousand gal.
Next	30,000 gallons water used per month		3.04 per thousand gal.
Next	50,000 gallons water used per month		2.67 per thousand gal.
Over	900,000 gallons water used per month		2.30 per thousand gal.
Over	1,000,000 gallons water used per month		1.89 per thousand gal.

The minimum monthly charge for these customers is $10.24 per month.

For sewage that contains industrial waste. The charge for the treatment of industrial waste will be calculated on the basis of the following formula:

$$Ci=VoVi+BoBi+SoSi$$

When an industrial user is to be served, a preliminary study of its waste, and the cost of transport and treatment thereof is made. Waste containing materials which in the judgment of the Utility Board should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefor, based upon the formula set out above.

Thereafter, industrial sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of Utility Board records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the industrial user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each industrial user, or refund given by the Utility Board, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

Minimum Charge: The charge of Ten Dollars and Twenty-Four Cents ($10.24) shall be the minimum for each month or fraction thereof for customers located within the corporate limits of Williamson. If for any reason there be no record of the amount of water supplied in any month, then the charge shall be based upon the last available monthly meter reading or if there is no water meter, the customer shall be charged based upon three thousand (3,000) gallons per occupant but in no event less than the monthly minimum charge.

Charges for service, if not paid when due, shall constitute a lien upon the property served. Charges not paid within thirty (30) days of their due date, plus a ten (10%) penalty, may be recovered by civil action and the lien may be foreclosed against the delinquent property.

The Utility Board estimates that a typical household uses approximately five thousand (5,000) gallons of water per month resulting in a sewer bill of Seventeen Dollars and Five Cents ($17.05) per month.

Pursuant to Section 16 of the Act, the governing body of a municipality is empowered to establish and maintain just and equitable rates and charges for the use of its municipal sewer system and to change such rates from time to time. Such rates and charges are required to be sufficient in each year for the payment of the expense of operation, repair, replacements and maintenance of the sewer system and for payments required to be made into a sinking fund on account of any outstanding bonds. Rates and charges shall be established by the Bond Ordinance, but only after the Ordinance has been advertised and a public hearing has been held. Any change in the schedule of rates and charges may be made in the same manner, except that a substantially pro rata adjustment of rates and charges with respect to each class of service shall not require advertisement or a public hearing.

Rates charged by municipally operated utilities in West Virginia generally are not subject to regulatory approval. Section 24-2-4b of the West Virginia Code provides that rates and charges established by municipally operated utilities shall be just, reasonable, applied without unjust discrimination and based primarily on the costs of providing service. Rates and charges set by such utilities must be filed with the PSC. Any customer of a municipality operated utility aggrieved by a rate change may, however, within thirty (30) days of the adoption of the Bond Ordinance providing for the change, present to the PSC a petition signed by not less than twenty-five (25%) percent of the customers served by the utility. Upon the filing of such a petition the rate increase is suspended for one hundred twenty (120) days or until an order is issued as described below and the PSC is required to appoint from its staff a hearing examiner to review the grievances raised and to conduct a public hearing. Within one hundred twenty (120) days from the filing of the petition the hearing examiner shall issue an order approving, disapproving or modifying the rate increase. Such order shall have the full force and effect of an order issued by the PSC. In addition, if a municipally operated utility serves customers outside the boundaries of the municipality and the rates charged such customers are different from those charged customers within the municipality's boundaries, the PSC is empowered to review and approve or order changes in such rates if, within thirty (30) days of the effective date of the Ordinance providing for such different rates, customers located outside the municipality's boundaries allege that such rates are discriminatory and request a review of such rates by the PSC. The PSC may determine the method by which such rates are reviewed and may grant and conduct a second hearing on the matter if the customer of the municipality requests such a hearing.

Consequently, delays in increasing rates or reductions of such higher rates could occur if such rates are challenged. Although the current rates are adequate to pay the debt service on the 1996A Bonds, in the future, any such delay or reduction in proposed rates would adversely affect the City's ability to pay principal and interest on Bonds.

Billing and Collections

Billing and collecting is performed by the Utility Board using monthly water meter readings.

The bills are due on the 20th day from the date the bills are rendered. After the 20th day a delayed payment penalty of ten percent (10%) is applied to unpaid accounts.

Delinquent customers are permitted to make arrangements for payment of the delinquent amount over several months. A condition to this arrangement is that current charges must be paid promptly. These delinquent customers who default on the late payment arrangements or fail to make any arrangements are subject to termination of water services until all past due charges are paid.

As of June 30, 1996, the Utility Board had $1,355,423.40 in accounts receivable.

Summary of Accounts Receivable

Year Ended June 30	Operating Revenues	Total Accounts Receivable
1991	$ 1,652,822	$ 586,210.00
1992	$ 1,719,107	$ 699,075.00
1993	$ 1,806,645	$ 882,987.00
1994	$ 1,809,810	$ 1,001,948.00
1995	$ 2,064,134	$ 333,563.00
1996	$ 2,172,902	$ 1,355,423.40*

Source: Compiled by the Utility Board from the annual audit report of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal years ended June 30, 1991 through 1994 and Somerville and Company, Certified Public Accountants, Huntington, West Virginia, for the fiscal year ended 1995 and the compiled financial statements of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal year ended June 30, 1996.

*Includes balance due from Mountain Water Public Service District.

The City has covenanted to diligently enforce and collect all fees and charges as described in "Summary of Certain Provisions of the Ordinance -- General Covenants -- Enforcement of Collections" herein. The City has taken steps to enforce collections.

Method of Accounting

The Utility Board maintains its accounts on an accrual basis and in accordance with the guidelines of the PSC and generally accepted accounting principles. Vallet and Associates, Logan, West Virginia, Certified Public Accountants audited the Utility Board for the fiscal years ended June 30, 1991 through 1994.

Somerville and Associates, Huntington, West Virginia, Certified Public Accountants audited the Utility Board for the fiscal year ended June 30, 1995.

Public Employees Retirement System

The Board elected to participate in the West Virginia Public Employees Retirement System (the "Retirement System"), a state-wide system comprised of the State of West Virginia and such of its political subdivisions as elect to participate.

Annuity benefits under the Retirement System are financed through employer and member contributions and investment earnings on such contributions. The Utility Board is obligated as an employer to contribute monthly to the Retirement System an amount equal to 9.5 percent of its employee payroll for the preceding month. The following table summarizes the contributions made by the Utility Board to the Retirement System during each of the past five fiscal years.

Retirement System Contributions

	1991	1992	1993	1994	1995	1996
Employees Covered	20	19	19	21	21	20
Contribution Rate	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Contributions	$39,674	$39,150	$39,591	$45,198	$45,721	$46,612

Source: Compiled by the Utility Board from the annual audit report of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal years ended June 30, 1991 through 1994 and Somerville and Company, Certified Public Accountants, Huntington, West Virginia, for the fiscal year ended 1995 and the compiled financial statements of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal year ended June 30, 1996.

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Summary of Revenues, Expenses and Debt Service Coverage Ratios

The following table presents a summary of the historical revenues, expenses and debt service coverage ratios for the fiscal years ended June 30, 1991 through 1995, based on audited financial reports. A summary for the fiscal year ended June 30, 1996 is presented based on an unaudited financial report.

	Fiscal Years ended June 30					Fiscal Year ended June 30, 1996*
	1991	1992	1993	1994	1995	
Gross Revenue:						
Operating	$1,652,822	$1,719,107	$1,806,645	$1,809,810	$2,064,134	$2,172,902
Non-Operating	79,452	92,613	67,855	73,868	79,489	29,146
Total:	$1,732,274	$1,811,720	$1,874,500	$1,883,678	$2,143,623	$2,202,048
Operating Expenses:**	1,048,079	989,666	1,039,916	1,350,622	1,280,869	1,305,661
Revenues Available For Debt Service	$684,195	$822,054	$834,584	$533,056	$862,754	$896,387
Debt Service Requirement:	$421,450	$421,450	$421,450	$421,450	$421,450	$421,450
Debt Coverage Ratio:	1.62X	1.95X	1.98X	1.26X	2.05X	2.13X

*unaudited
**Does not include depreciation expense.

Source: Compiled by the Utility Board from the annual audit report of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal years ended June 30, 1991 through 1994 and Somerville and Company, Certified Public Accountants, Huntington, West Virginia, for the fiscal year ended 1995 and the compiled financial statements of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal year ended June 30, 1996.

Management Discussion of Financial Results

For the audited fiscal years ended June 30, 1991 through 1995, the Board's operating expenses increased 22% while gross revenues increased 24%. During this same period, Debt Service Coverage Ratios grew from 1.62X to 2.05X. The Utility Board's debt coverage ratio for the fiscal year ended June 30, 1996, based on the unaudited financial statements was 2.13X. The Utility Board has maintained sufficient revenues to meet the current required minimum debt service coverage ratio of 1.15X.

Two items were charged against retained earnings for the fiscal year ended June 30, 1995. The Utility Board charged $248,533 of uncollectible accounts receivable to retained earnings during the fiscal year ended June 30, 1995. This action was taken in accordance with an agreement between Chatteroy Public Service District ("Chatteroy"), a customer of the System and the Utility Board whereby the Board would forgive Chatteroy's past due account is Chatteroy paid the Board at current rates for water and sewer usage. Chatteroy has been paying according to the terms of the agreement.

Additionally, the Board's allowance for doubtful accounts was increased in the amount of $665,300 through an adjustment to retained earnings as a result of a large prior period overdue balance on accounts receivable that were due from Mountain Water Public Service District. Similar to Chatteroy, Mountain Water has not been paying for services from the City at the rate set by the Board. Mountain Water was to begin paying the current rate plus a portion of the arreage, but no formal agreement has been reached to date.

BANKRUPTCY

The United States Bankruptcy Code permits political subdivisions that are insolvent or unable to meet their debts to file a petition for relief in Federal Bankruptcy Courts if authorized by state law. Although no West Virginia legislation currently authorizes such a filing, future legislation may permit the City to undertake bankruptcy proceedings.

Bankruptcy proceedings by the City could have additional adverse effects on Bondholders, including (a) delay in the enforcement of Bondholders' remedies, (b) subordination of the Bondholders' liens to claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without the consent of all Bondholders to a reorganization plan reducing or delaying payment on the 1996A Bonds. The Bankruptcy code contains provisions intended to insure that, in any reorganization plan not accepted by the holders of at least a majority in aggregate principal amount of the 1996A Bonds, Bondholders will have the benefit of their original liens or the "indubitable equivalent". The effect of these and other new provisions of the Bankruptcy Code cannot be predicted with any certainty and may be significantly affected by judicial interpretation.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the City, threatened or affecting the City (or, to the City's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the validity of the 1996A Bonds, the Bond Ordinance, the Supplemental Resolution, the Escrow Agreement or any agreements to which the City is a party and which is a part of the issuance of the 1996A Bonds.

LANDLORD LIENS

The City of Williamson is currently engaged in litigation involving whether recent statutory changes prevent it from collecting delinquent charges from the owners of tenant-occupied property. This litigation does not involve the possibility of any liability for the Williamson Utility Board but rather it seeks to challenge the possible elimination of an entire class to whom the Utility Board looked for payment of its sewer charges.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the 1996A Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See "THE 1996A BONDS - General".

VERIFICATION OF MATHEMATICAL COMPUTATIONS

KPMG Peat Marwick, LLP, Houston, Texas, independent certified public accountants, will verify (a) certain mathematical computations as to the sufficiency of the Government Securities, other securities and cash deposited into the Escrow Fund to pay when due on the date designated for prior redemption, the principal of, interest on, and prior redemption premiums due in connection with the Refunded Bonds designated for prior redemption, and the principal of and interest on the remaining Refunded Bonds to their maturities, and (b) as to the yield on the 1996A Bonds and on the Government Obligations purchased with proceeds of the 1996A Bonds and deposited into the Escrow Fund. Such verifications will be based upon information supplied to KPMG Peat Marwick, LLP by representatives of the Underwriters.

FINANCIAL STATEMENTS

Included in Appendix C are the audited financial statements of the Utility Board as of and for the fiscal year ended June 30, 1995 and the report thereon dated May 1, 1996 of Somerville and Company independent certified public accountants. Such audited statements have been included herein in reliance upon the report of such accounts as experts in auditing and accounting. Also included in Appendix C are the unaudited financial statements of the Utility Board as of and for the fiscal year ended June 30, 1996, compiled by Vallet and Associates, independent certified public accountants.

TAX EXEMPTION

Vaughan & Withrow, Bond Counsel is of the opinion that, under existing statutes and court decisions, interest on the 1996A Bonds is excludable from the gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item for purposes of the Code, and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax. In its approving opinion, Bond Counsel expresses no opinion regarding other tax consequences arising with respect to the 1996A Bonds.

The City has designated the 1996A Bonds as "qualified tax-exempt obligations" and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds) during the calendar year 1996. Therefore, the 1996A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or carry most tax-exempt obligations does not apply to the 1996A Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the 1996A Bonds is deductible for federal income tax purposes.

In addition, under the Act, the 1996A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the 1996A Bonds in order that interest on the 1996A Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include provisions which prescribe yield and other

limits relative to the investment and expenditure of the proceeds of the 1996A Bonds and other amounts and require that certain earnings be rebated to the Federal government. The City will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Noncompliance with such requirements may cause interest on the 1996A Bonds to become includable in gross income for Federal Income Tax purposes retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance is ascertained.

TAX TREATMENT OF ORIGINAL ISSUE DISCOUNT

The 1996A Bonds due in the year 2025 (the "OID Bonds") are offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity over the "issue price" of the OID Bonds. The issue price of the OID Bonds is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the OID Bonds of the same maturity is sold pursuant to that amount of the OID Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of an OID Bond over the period of its maturity based on the constant interest rate method, compounded semiannually. With respect to a purchaser of an OID Bond, the portion of the OID that accrues during the period such purchaser owns the OID Bond (i) is interest excludable from that purchaser's gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above and (ii) is added to that purchaser's tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of the OID Bond. Thus, an owner who purchases an OID Bond in the initial public offering at its issue price and holds such OID Bond to its stated maturity will realize no taxable gain for federal income tax purposes upon payment of the stated redemption price of the OID Bond at maturity. The portion of the amount of OID that accrues each year to a corporate owner of an OID Bond is taken into account in computing the corporation's federal alternative minimum tax liability and federal environmental tax liability, although no corresponding cash payment will be received with respect to an OID Bond until its stated maturity or early redemption prior to stated maturity.

Owners of the OID Bonds (including owners that purchase an OID Bond other than pursuant to the initial public offering) should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID properly accruable each year with respect to the OID Bonds, the adjusted basis of the OID Bonds for purposes of determining taxable gain or loss upon the sale or other disposition of the OID Bonds (including sale, redemption or other disposition of the OID Bonds at maturity) and as to other federal tax consequences and any state and local tax aspects of owning the OID Bonds.

RATINGS

Standard and Poor's Corporation and Fitch Investors Service, Inc. have assigned each series of the 1996A Bonds the ratings of "AAA" and "AAA", respectively, subject to the issuance by AMBAC Indemnity Corporation of the Municipal Bond Issue Insurance Policy relating to the 1996A Bonds. Such ratings reflect only the respective views of such rating agencies and an explanation of the significance of a rating may be obtained only from the rating agency furnishing the same. There is no assurance that such ratings will be maintained for any given period of time or that they will not be revised downward or withdrawn entirely by any or all such rating agencies, if in the judgment of any such rating agency, circumstances so warrant. Any such downward revision or withdrawal of all or any such ratings may have an adverse effect on the market price of the 1996A Bonds.

CONTINUOUS DISCLOSURE

The City has agreed, in accordance with the provisions of Rule 15c2-12 (the "Rule"), adopted by the Securities and Exchange Commission (the "Commission") under the Securities and Exchange Act of 1934, to provide to each nationally recognized municipal securities information repository ("NRMSIR") and to the appropriate state information depository ("SID"), if any, for the State of West Virginia, in each fiscal year, the following annual financial information and operating data (commencing with the fiscal year ended June 30, 1997):

1. a copy of the annual financial statements of the City prepared in accordance with generally accepted accounting principles and audited by a certified public accountant; and

2. an update of the information in the Official Statement contained beneath the headings and subheadings "THE SYSTEM - SEWER SYSTEM, - SERVICE AREA, - CUSTOMERS" and "RATES AND CHARGES - BILLINGS AND COLLECTIONS".

The City has reserved the right to modify from time to time the specific types of information provided and the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City provided that, the City has agreed that any such modification will be done in a manner consistent with the Rule. The City, may, at its option, satisfy this obligation by providing an official statement for one or more series of bonds of the City or by specific reference, in accordance with the Rule, to one or more official statements provided previously.

The City has agreed to provide, in a timely manner, to (i) each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB") and (ii) the SID, if any, notice of the occurrence of any of the following events with respect to the 1996A Bonds if, material:

1. principal and interest payment delinquencies,

2. non-payment related defaults,

3. unscheduled draws on debt service reserves reflecting financial difficulties,

4. unscheduled draws on credit enhancements, if any, reflecting financial difficulties,

5. substitution of credit or liquidity providers, if any, or their failure to perform,

6. adverse tax opinions or events affecting the tax-exempt status of the 1996A Bonds,

7. modifications to right to Bondholders,

8. bond calls,

9. defeasances,

10. release, substitution, or sale of property securing repayment of the 1996A Bonds or

11. rating changes.

In a timely manner, the City will give to each NRMSIR or to the MSRB, and to the SID, if any, notice of any failure by the City to provide any information described in the first two paragraphs under this heading on or before the dates specified therein.

The City has reserved the right to terminate its obligation to provide financial information and notices of material events, as described above, if and when the System no longer remains an obligated person with respect to the 1996A Bonds within the meaning of the Rule.

The City has agreed that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders or beneficial owners of the 1996A Bonds, and will be enforceable by any holder of 1996A Bonds or any beneficial owner of the 1996A Bonds. Such holders' and beneficial owners' right to enforce the provisions of this undertaking are limited to a right to obtain specific enforcement of the City's obligations with respect thereto.

The provisions of the undertaking with respect to the Rule described above may be amended, without the consent of the holders of the 1996A Bonds or any beneficial owners of the 1996A Bonds, to the extent required or permitted by the Rule or any amendment to the Rule becoming effective after the date hereof.

UNDERWRITING

Wheat First Securities, Inc., (the "Underwriter") has agreed, subject to certain conditions, to purchase the 1996A Bonds from the City at an aggregate discount of $44,160 from the initial public offering prices set forth on the cover page of this Official Statement. The obligation of the Underwriter to purchase the 1996A Bonds is subject to certain terms and conditions set forth in the purchase contract entered into between the Underwriter and the City. The Bonds may be offered and sold to certain dealers, banks, and others at prices lower than the initial offering prices, and such initial public offering prices may be changed, from time to time, by the Underwriter.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the 1996A Bonds by the City are subject to the approval of Vaughan & Withrow, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the same form set forth in Appendix D. Certain legal matters will be passed upon for the City by J. Timothy Poore, City Attorney, Williamson, West Virginia, for the Utility Board, by Ronald J. Rumora, Esquire, Board Attorney, Williamson, West Virginia, and for the Underwriter by its Counsel, Bowles Rice McDavid Graff & Love, Charleston, West Virginia.

Bond Counsel has not been retained to participate in the preparation or review of this Official Statement and has not assumed any responsibility with respect thereto or undertaken independently to verify and information contained herein, except that such firm has reviewed the information describing the 1996A Bonds under the headings "DESCRIPTION OF THE 1996A BONDS", "ADDITIONAL SECURITY FOR THE 1996A BONDS" and "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" in this Official Statement to verify that such information conforms to the provisions of the Bond Ordinance.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the 1996A Bonds.

Copies of the Ordinance, the Supplemental Resolution, the Escrow Agreement and other applicable documents may be obtained from the City at the following address:

The City of Williamson
City Building
Williamson, West Virginia 25661

or, during the period of offering the 1996A Bonds, from the Underwriters. This Official Statement has been duly approved by the City of Williamson.

THE CITY OF WILLIAMSON, WEST VIRGINIA
By: /s/ Sam G. Kapourales
Mayor

APPENDIX A

THE CITY OF WILLIAMSON

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THE CITY OF WILLIAMSON

Introduction

The City of Williamson is located in the southwestern section of Mingo County, West Virginia, in the Tug Fork Valley. As of 1990, Williamson had a population of 4,154, based on the 1990 U.S. Census. Williamson's economic base is built on mining, timber, manufacturing, railway service, and the service industry.

Williamson is the county seat of Mingo County and is approximately 275 miles from Pittsburgh, PA; 200 miles from Columbus, OH; 250 miles from Charlotte, NC; 200 miles from Knoxville, TN; and 150 miles from Lexington, KY.

Due to advancements in technology, mine-related jobs declined and as a result Williamson's population declined during the 1980s. Williamson's population has since begun to stabilize. Population trends are shown below under the heading of "Census Information". The population of Mingo County according to 1990 U.S. Census reports was 33,739.

Census Information

The 1990 U.S. Census indicates the City had a population of 4,154 as compared to the 1980 U.S. Census report of 5,219, a 20.4% decline. Historical statistics are summarized as follows:

1990	1980	1970
4,154	5,219	5,831

Source: United States Department of Labor, Bureau of the Census.

Government

Williamson was established through a legislative charter enacted in 1905 which provides for a mayor-council form of government. Elected officials are the mayor, and members of the Williamson City Council for each of the four (4) wards of the City. In addition, Williamson has certain appointed and hired officials including the city clerk, chief of police, chief of the fire department, and street department superintendent.

The mayor is the chief executive officer of the City, the presiding officer and a voting member of council. The mayor, with the consent of council, has the right of appointment and removal of the city clerk, chief of police, chief of the fire department, and street department superintendent.

Current City Financial Status

Williamson began fiscal year 1996 with a surplus of approximately $302,431 in its general revenue fund. During fiscal year 1996, the City's general revenues exceeded expenditures by approximately $330,206, thereby increasing the general fund surplus to $632,637 at fiscal year end. The City expects to have general revenues in excess of expenditures for fiscal year ending June 30, 1997. The Bonds, however, are payable solely from and secured by the net revenues derived from the operation of the Utility Board and not from any revenues of the general fund or any other revenues of the City.

Economic and Related Data

Williamson's employment and business structure primarily involves the railroad industry, timber, mining, health care, banking and finance, insurance and real estate, and county and city government.

The relative strength of the area's economic base is reflected by the following table which includes information for Mingo County, West Virginia. Average non-farm employment by industry in Mingo County in calendar year 1995 and preliminary estimates for July, 1996, include the following:

	Number of Jobs	
Category	Calendar Year 1995	Month of July, 1996*
Goods Producing	**3,700**	**3,340**
Mining	2,988	2,870
Construction	405	180
Manufacturing	307	290
Service Producing	**5,841**	**6,180**
Transportation and Public Utilities	868	1,150
Trade - Wholesale and Retail	1,370	1,290
Finance, Insurance and Real Estate	346	370
Services and Health	1,628	1,840
Government		
Federal	109	110
State and Local	1,520	1,420
Total Non-Farm Employment	**9,541**	**9,520**

*Monthly estimate is preliminary and subject to revision.
Source: West Virginia Bureau of Employment Programs
Labor and Economic Research

The five (5) largest employers in the Williamson area are:

Employer	Product/Service
Mingo County Board of Education	Education
A. T. Massey Coal Company	Coal Mining
Norfolk Southern Railway	Rail Transportation
Appalachian Regional Hospital	Health Care
Mingo County Government	Government

Source: Region II Planning and Development Council

Recreation and Culture

The Williamson area offers four public libraries containing approximately 50,000 volumes with an annual circulation of 74,000; two public auditoriums, a music association, scouting organizations with camping facilities, the Tug Valley Arts Council, one private golf course, five public playgrounds, three outdoor swimming pools, three lighted football stadiums seating 5,500, a lighted baseball park seating 4,000, a lighted regulation Little League baseball park seating 2,500, and two bowling centers.

Additionally, the area offers four motels with 237 rooms, twenty-nine restaurants, one five screen theater and a shopping mall. Cabwaylingo State Forest and Laurel Creek Wildlife Management Area are located to the north of Williamson and Chief Logan State Park and the R. D. Bailey Lake and Widelife Management Area are to the northeast and east respectively of the City.

There is one daily newspaper published in Williamson and circulated in the area and two daily newspapers are received from surrounding areas.

Transportation

Freight service is provided by four motor lines. With the exception of a ten mile section, Corridor G of the Appalachian Highway System is complete from Williamson to Charleston, the state's capital 90 miles away. Corridor G (U.S. Route 119) intersects U.S. Route 52 in Williamson. U.S. 119 continues to Pikeville, KY to the southwest. U.S. 52 connects Williamson with Huntington, WV to the northwest and Bluefield, WV to the southeast. Rail service is provided by a mainline of Norfolk Southern Railway.

The nearest commercial airports are Tri-State Airport located near Huntington, WV, approximately 80 miles away and Yeager Airport in Charleston, 90 miles away. Tri-State Airport is served by US Air Express and Comair/Delta. Yeager Airport is service by US Air/US Air Express, United Express, Atlantic Southeast, Comair and Northwest Airlink.

A general service mountaintop airport with a runway of 3,000 feet is located in Williamson.

Financial Services

There are five banks with offices in the Williamson area. These institutions are listed below:

The Bank of Mingo
Bank One West Virginia, N.A.
The First National Bank
Matewan National Bank
Pikeville National Bank and Trust Company

Health Care

There are two hospitals in the Williamson area. Williamson Memorial Hospital is located in Williamson and has 76 licensed beds and Appalachian Regional Hospital is located in South Williamson, Kentucky and has 173 licensed beds.

Education

Public schools in West Virginia are on the county-unit system, with a non-partisan Board of Education, whose five (5) members are elected to overlapping four (4) year terms. Mingo County had a 1995-1996 enrollment in kindergarten through grade twelve (12) of 6,559. The Mingo County School System has a total operating budget for fiscal year 1995-1996 of $39,480,080. The school system has an administrative and teaching staff of 955. There are ten (10) elementary schools, six (6) junior/middle schools, five high schools, one (1) adult education vocational center, and a fleet of 77 buses.

The Southern West Virginia Community College maintains a campus in Williamson. The College has other campuses located in Logan and Madison, with a combined enrollment of 3,100. Courses are offered to provide two years of credit in the fields of the arts and sciences, applied science, and teaching. Students may earn an associate in arts degree by following the applicable approved two (2) year program.

The closest four year schools are Marshall University in Huntington, WV approximately 80 miles away, The University of Charleston in Charleston, WV about 90 miles from Williamson and West Virginia State College in Institute, WV approximately 100 miles away.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

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EXHIBIT B

SUMMARY OF CERTAIN PROVISIONS
OF THE BOND ORDINANCE

The following is a summary of certain terms, provision and covenants of the Bond Ordinance. This summary makes use of the terms defined in the Bond Ordinance, certain of which are defined in "Definitions" which follows. This summary is not to be considered a full statement of the terms of the Bond Ordinance, and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

Definitions

The following terms shall have the following meanings in this Ordinance unless the context expressly required otherwise:

"Act" shall mean Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

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

Authorized Officer" shall mean the Mayor of the City or any other officer of the City specifically designated by resolution of the City Council.

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

"Bond Register" shall mean the books of the City maintained by the Registrar for the registration and transfer of the Bonds.

"Bonds" shall mean the City of Williamson Waterworks and Sewer Revenue Refunding Bonds, Series 1996 A Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

"Bond Year" shall mean the twelve 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.

"Certificate of Authentication and Registration" shall mean the Certificate of Authentication and Registration on the Series 1996 A Bonds, substantially in the form set forth herein.

"City" shall mean The City of Williamson, a municipal corporation of the State of West Virginia, and, where appropriate, the City Council and/or Utility Board of the City.

"City Clerk" shall mean the Clerk or Recorder of the City.

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

"Closing Date" shall mean the date or dates upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

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

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

"Consulting Engineers" shall mean a firm of registered professional engineers selected by the Board to provide consulting services with respect to the acquisition and construction of additions, improvements and betterments to the System.

"Costs of Issuance" shall mean those costs of issuing Bonds, including, but not limited to, legal, accounting, fiscal agent fees and expenses and other fees and expenses in connection therewith.

"Costs of Issuance Account" shall mean the account of that name created pursuant to Section 5.02 hereof.

"Depository Bank" shall mean the bank or banks to be designated as such in the Supplemental Resolution.

"DTC" shall mean The Depository Trust Company, New York, New York.

"DTC Eligible" shall mean Bonds meeting the qualifications prescribed by The Depository Trust Company, New York, New York.

"Escrow Agreement" shall mean the separate agreement between the City, the Commission and an escrow trustee, substantially in the form of the agreement attached hereto as Exhibit B and by this reference made a part hereof, relating to the refunding or defeasance of the 1986 Series A Bonds.

"Escrow Fund" shall mean the fund created by Paragraph 2 of the Escrow Agreement.

"Event of Default" shall mean any occurrence or events specified in Section 7.01 hereof.

"FDIC" shall mean the Federal Deposit Insurance Corporation or any successor to the function of the FDIC.

"Fiscal Year" shall mean each twelve month period beginning on July 1 and ending on the succeeding June 30.

"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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Independent Accountants" shall mean any certified public accountant or firm of certified public accountants which shall be retained by the City as independent accountants for the System.

"Mayor" means the Mayor of the City.

"Net Proceeds" shall mean the face amount of the Bonds, plus accrued interest or premium, if any, less Original Issue Discount, if any, and less proceeds deposited in the Reserve Account, if any.

"Net Revenues" shall mean Revenues less Operating Expenses.

"Operating Expenses," unless qualified, shall mean the current expenses, paid or accrued, of repair, operation and maintenance of the System (excluding depreciation) and includes, without limiting the generality of the foregoing, insurance premiums, supplies, labor, wages, the cost of materials and supplies used for current operations, administrative expenses of the City or the Utility Board relating and chargeable to the System and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting practices.

"Original Purchaser" shall mean that investment banking firm or other entity designated as such in a Supplemental Resolution.

"Outstanding" when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond
canceled by the Registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.05; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the City.

"Participant" shall mean the person or entity registered as such with the Depository Trust Company.

"Paying Agent" shall mean an Paying agent for the Bonds appointed by a resolution supplemental hereto.

"Prior Bonds" or "1986 Series A Bonds" shall mean the City's Sewer Revenue Bonds, Series 1986 A, dated May 28, 1986, issued in the original principal amount of $1,402,664 and currently outstanding in the principal amount of $1,356,132.

"Prior Bonds Redemption Date" shall mean the date or dates established by a Supplemental Resolution for the redemption of the Prior Bonds.

"Prior Ordinance" shall mean the Ordinance enacted by the City Council on April 24, 1986, as amended and supplemented, authorizing the issuance of the Prior Bonds.

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

"Qualified Investments" shall mean and include any of the following:

(a) Government Obligations;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

Export - Import Bank
Farmers Home Administration
General Services Administration
U. S. Maritime Administration
Small Business Administration
Government National Mortgage Association (GNMA)
U. S. Department of Housing & Urban Development (PHA's)
Federal Housing Administration;

(c) bonds notes or other evidences of indebtedness rated "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's Investor Services, Inc., issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(d) U. S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investor Services, Inc. and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(e) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investor Services, Inc. and which matures not more than 270 days after the date of purchase;

(f) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's Corporation; and

(g) pre-refunded municipal obligations defined as follows:

> Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on the escrow, in the highest rating category of Standard & Poor's Corporation and Moody's Investor Services, Inc. or any successors thereto; or (B)(i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (a) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

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

"Redemption Price" shall mean such amount as is established in a Resolution supplemental hereto.

"Refunding Bonds" or "Series 1996 A Bonds" shall mean the Waterworks and Sewer Refunding Revenue Bonds, Series 1996 A, of the City originally authorized to be issued pursuant to this Ordinance.

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Bonds, and any successor thereto.

"Regulations" shall mean temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1986, as amended.

"Renewal and Replacement Fund" shall mean the fund created by Section 4.01 hereof.

"Representation Letter" shall mean the Letter Agreement among the City, DTC and the Paying Agent.

"1996 Series A Bonds Reserve Account" shall mean the account in the Sinking Fund, as hereinafter defined, created by Section 4.01 hereof.

"Reserve Account Requirement" shall mean the maximum amount of principal and interest which will mature and come due on the Bonds in the then current or any succeeding Fiscal Year.

"Revenue Fund" shall mean the fund created by Section 4.01 hereof.

"Revenues" shall mean all rates, rents, fees, charges or other income received by or accrued to the Utility Board from the operation of the System, as calculated in accordance with generally accepted accounting practices.

"Sinking Fund" shall mean the fund created by Section 4.01 hereof.

"Supplemental Resolution" shall mean any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 1996 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" shall mean the complete existing combined waterworks and sewerage system now owned by the City, both within and without the corporate limits of the City, consisting of a water treatment plant, pumps, distribution lines,

sewage treatment plant or plants collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations and ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental to the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes, and shall include any extensions, improvements and betterments thereto hereafter acquired or constructed for said combined waterworks and sewerage system from any sources whatsoever.

"Utility Board" shall mean the Utility Board of the City as now or hereafter constituted or any other agency, department or instrumentality of the City which shall at any time have jurisdiction, possession or control of the System or the management and operation thereof.

"Value," which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times); the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the City in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; and

(c) as to certificates of deposit and bankers acceptances; the face amount thereof, plus accrued interest.

Authorization of Refunding

The refunding and defeasnce of the Prior Bonds and the issuance of the Refunding Bonds is authorized by the Bond Ordinance.

Application of Revenues

So long as any of the Bonds shall be outstanding and unpaid, the City covenants with the holders of the Bonds as follows:

A. The entire Revenues derived from the operation of the System and all parts thereof shall be deposited by the City in a special fund in the Depository Bank, which fund, to be designated the "Waterworks and Sewer System Revenue Fund" (the "Revenue Fund"), is hereby established. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the City and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) Thereafter the City pay such amounts as are required to be paid on account of the 1979 Bonds and the 1986 Series C Bonds, as provided in the ordinances authorizing the issuance of such bonds.

(3) Thereafter, from the moneys in the Revenue Fund, the City shall, on the first day of each month, commencing with and including the first day of that month which is seven months prior to the first interest payment date of the 1996 Series A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in a fund to be known as the "Sinking Fund," which is hereby created and established, a sum equal to one-sixth (1/6) of the amount of interest which will become due on the Bonds on the next ensuing semiannual interest payment date; provided, however, that, in the event the period to elapse between said initial payment date and the next semiannual interest payment date is less than seven (7) months, then such monthly payments shall be increased proportionately to provide the required amount of interest payable on the next semiannual interest payment date one month prior to said date.

The City shall also apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in said Sinking Fund, on the first day of each month, beginning on the first day of that month which is thirteen (13) months prior to the first principal payment date of the 1996 Series A Bonds, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on the 1996 Series A Bonds on the next ensuing principal payment date. The City shall also, at the same time, remit to the Commission for deposit in the Sinking Fund a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on the 1986 Series B Bonds on the next ensuing principal payment date for such bonds.

The City shall also, from the Revenue Fund, remit to the Commission on such dates or at such other times, as the Commission shall require, such additional sums as shall be necessary to pay the fiscal agency charges due for paying the 1996 Series A Bonds and the interest thereon and for paying the 1986 Series B Bonds.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the 1996 Series A Bonds and principal of the 1986 Series B Bonds as the same shall become due.

The City shall not be required to make any further payments into the 1996 Series A Bonds Sinking Fund on account of the Series 1996 A Bonds when the aggregate amount of funds in the 1996 Series A Bonds Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate principal amount of Bonds issued pursuant to this Ordinance then Outstanding, plus the amount of interest due or thereafter to become due on said Bonds then Outstanding.

The City shall not be required to make any further payments into the 1986 Series B Bonds Sinking Fund on account of the 1986 Series B Bonds when the aggregate amount of funds in the 1986 Series B Bonds Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate principal amount of the 1986 Series B Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1996 A Bonds herein authorized are issued, provision shall be made for additional payments into said Sinking Fund sufficient to pay the principal of and interest on such additional parity Bonds and accomplish retirement thereof at or before maturity.

The payments into the Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(4) (a) Then from the moneys remaining in the Revenue Fund, the City shall next, each month, pay into the 1996 Series A Bonds Reserve Account an amount necessary to make up any deficiency in the 1996 Series A Bonds Reserve Account Requirement, resulting from (i) the valuation of investments in the 1996 Series A Bonds Reserve Account which results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of the 1996 Series A Bonds Reserve Account is less than the 1996 Series A Bonds Reserve Account Requirement, or (ii) withdrawals from the 1996 Series A Bonds Reserve Account, for deposit into the Sinking Fund, beginning with the first full calendar month following the event described in either clause (i) or (ii) above. Provided, that in no event shall the amount deposited into the 1996 Series A Bonds Reserve Account in any month be less than, in the event the deficiency in the 1996 Series A Bonds Reserve Account Requirement is due to a decrease in the value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in the 1996 Series A Bonds Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the 1996 Series A Bonds Reserve Account, as described in clause (ii) above (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the 1996 Series A Bonds Reserve Account shall have been made equal to the 1996 Series A Bonds Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the 1996 Series A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the 1996 Series A Bonds Reserve Account Requirement.

(b) At the same time the City shall pay into the 1986 Series B Bonds Reserve Account established for the 1986 Series B Bonds an amount necessary to make up any deficiency in the 1986 Series B Bonds Reserve Account Requirement with respect to the 1986 Series B Bonds, resulting from (i) the valuation of investments in such 1986 Series B Bonds Reserve Account which results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of such 1986 Series B Bonds Reserve Account is less than the 1986 Series B Bonds Reserve Account Requirement for the 1986 Series B Bonds, or (ii) withdrawals from such 1986 Series B Bonds Reserve Account, for deposit into the

Sinking Fund, beginning with the first full calendar month following the event described in either clause (i) or (ii) above. Provided, that in no event shall the amount deposited into the 1986 Series B Bonds Reserve Account for the 1986 Series B Bonds in any month be less than, in the event the deficiency in the 1986 Series B Bonds Reserve Account Requirement is due to a decrease in the value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in such 1986 Series B Bonds Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the 1986 Series B Bonds Reserve Account, as described in clause (ii) above (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the 1986 Series B Bonds Reserve Account shall have been made equal to the 1986 Series B Bonds Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the 1986 Series B Bonds Reserve Account for the 1986 Series B Bonds whenever and as long as the amount deposited therein shall be equal to the 1986 Series B Bonds Reserve Account Requirement for the 1986 Series B Bonds.

(5) Thereafter, from the moneys remaining in said Revenue Fund, the City shall next, on the first day of each month commencing with the first month in which interest shall be payable from the Revenue Fund, remit to the Depository Bank for deposit in a special depreciation account, to be designated the "Renewal and Replacement Fund," which account is hereby established and created, a sum equal to two and one-half percent (2 1/2%) of the Revenues each month, exclusive of any payments for the account of the 1996 Series A Bonds Reserve Account in the Sinking Fund. All funds in said Renewal and Replacement Fund shall be kept apart from all other municipal funds and shall be invested and reinvested, at the direction of the City, in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance and the need for such moneys for the purposes set forth below. So long as the City is making payment into any renewal and replacement fund, depreciation fund or similar fund created with respect to the 1979 Bonds, the 1986 Series C Bonds or the 1986 Series B Bonds, payments into the Renewal and Replacement Fund described above shall not be required.

Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, enlargements, emergency repairs, improvements and extensions to the System; provided, that any deficiency occurring in the Reserve Accounts shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) Whenever all of the required and provided transfers and payments from said Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid for operating expenses and into the Sinking Fund and the Renewal and Replacement Fund during the next succeeding three (3) months, such excess shall be considered as surplus Revenues. Said surplus revenues shall be first used for the acquisition and construction of extensions, improvements and betterments to the System, and, thereafter, to the extent not needed for such purposes, may be used to purchase Bonds upon the open market at not exceeding the then applicable redemption price or to call and redeem the Bonds on the next succeeding interest payment date or for any lawful purpose of the System.

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

B. The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, as provided in Article V hereof, by the City at the times provided herein. All remittances made by the City to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The moneys on deposit in the Revenue Fund and the Renewal and Replacement Fund (unless remitted to the Commission) in excess of the sum insured by the maximum amounts insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of State and municipal funds under the laws of the State of West Virginia.

D. The Commission shall invest the funds which it holds pursuant to this Ordinance, including the 1996 Series A Bonds Reserve Account in the Sinking Fund, to the fullest possible extent so that all moneys shall be invested for the maximum possible period consistent with the tenor hereof.

E. Anything to the contrary herein notwithstanding, when the aggregate sum in the Sinking Fund, including the 1996 Series A Bonds Reserve Account therein, is sufficient to pay and redeem all the Bonds Outstanding and all interest accrued and to accrue thereon and any applicable redemption premiums, the City shall cause all the Bonds to be paid or called and redeemed at the earliest practicable date permitted, pursuant to the provisions hereof as to redemption of Bonds.

Application of the Proceeds of the Bonds

A. All accrued interest received from the Original Purchaser of the Series 1996 A Bonds shall be deposited in the Sinking Fund and used to pay the next maturing interest on the Series 1996 A Bonds.

B. The amount of the Series 1996 A Bond proceeds necessary, together with such funds of the City as are made available by the defeasance of the 1986 Series A Bonds, to refund the Prior Bonds, which amount shall be set forth in the Supplemental Resolution, shall be applied by the City pursuant to the provisions of the Escrow Agreement.

C. The remaining moneys derived from the sale of the Series 1996 A Bonds shall be deposited by the City in the Costs of Issuance Account.

General Covenants

RATES.

Prior to the issuance of the Bonds, just and equitable rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and copies of such rates and charges so fixed and established shall at all times be kept on file in the office of the Utility Board, which will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce gross revenues from said System sufficient to pay operating expenses and to make the prescribed payments into the funds and accounts created or maintained hereunder. Such schedule of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the City hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be at least sufficient to provide for all reasonable operating expenses of the System and leave a balance each year equal to at least one hundred twenty-five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, as the same become due and accomplish retirement of all Bonds for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. To the extent permitted by law, all such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

OPERATION AND MAINTENANCE.

The City will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

SALE OF THE SYSTEM.

The System may be sold, mortgaged, leased, or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Sinking Fund, and the City shall direct the Commission to apply such proceeds to the payment of principal and interest at the maturity of Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the City by the Commission unless necessary for the payment of other obligations of the City payable out of the revenues of the System.

The foregoing provision notwithstanding, the City shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no

longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of ten thousand dollars ($10,000), the Utility Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the City Council may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of ten thousand dollars ($10,000) but not in excess of one hundred thousand dollars ($100,000), the Utility Board shall first, in writing, determine with the written approval of a consulting engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the City Council may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, in excess of ten thousand dollars ($10,000) and not in excess of one hundred thousand dollars ($100,000), shall be remitted by the City to the Commission for deposit in the Sinking Fund and shall be applied only to the redemption of Bonds of the last maturities then Outstanding or to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds. Such payments of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the City if the proceeds to be derived therefrom shall be in excess of one hundred thousand dollars ($100,000) and insufficient to pay or redeem prior to maturity all the Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of Bonds then Outstanding. The City shall prepare the form of such approval and consent for execution by the then Holders of the Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

ISSUANCE OF OTHER OBLIGATIONS PAYABLE OUT OF REVENUE AND GENERAL COVENANT AGAINST ENCUMBRANCES.

The City shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 6.08 hereof, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such Revenues with the Bonds; and all obligations hereafter issued by the City payable from the Revenues of the System, except such additional Bonds shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such Revenues and in all other respects to the Bonds.

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

ADDITIONAL PARITY BONDS.

No additional parity Bonds, as in this Section defined, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, improvements and betterments to the System or refunding the entirety of one or more series of Bonds issued pursuant hereto, or both such purposes.

No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by Independent Accountants, based upon the necessary investigation and certification by a consulting engineer, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such additional parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional parity Bonds, shall not be less than one hundred twenty-five percent (125%) of the maximum annual amount which will mature and become due for principal of and interest in any succeeding year on the following:

(1) The 1979 Bonds then Outstanding;

(2) The 1986 Series C Bonds then Outstanding;

(3) The 1986 Series B Bonds then Outstanding;

(4) The Series 1996 A Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three (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 any increase in rates enacted by the City, the time for appeal of which shall have expired prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in a certificate of a consulting engineer, which shall be filed in the office of the City Clerk prior to the issuance of such additional parity Bonds, adjusted as provided in the following paragraph.

The Net Revenues actually derived from the System during the twelve (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 a consulting engineer and the Independent Accountants as stated in a certificate jointly made and signed by a consulting engineer and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the City, the time for appeal of which shall have expired prior to issuance of such additional parity Bonds.

Not later than simultaneously with the delivery of such additional parity Bonds, the City shall have entered into written contracts for the immediate acquisition or construction of such extensions, improvements and betterments to the System which are to be financed by such additional parity Bonds.

The term "additional parity Bonds," as used in this Section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this Section, payable from the Revenues of the System on a parity with the 1986 Series B Bonds and the Series 1996 A Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the 1986 Series B Bonds and the Series 1996 A Bonds and the Holders of any additional parity Bonds subsequently issued from time to time within the limitations of and in compliance with this Section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Revenues of the System, and their source of and security for payment from said Revenues, without preference of any Bond over any other. The City shall comply fully with all the increased payments into the various funds created in this Ordinance required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "additional parity Bonds," as used in this Section, shall not be deemed to include any 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 Bonds on such revenues. The City shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Bonds except in the manner and under the conditions provided in this Section.

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

The City may issue additional parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and

the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

INSURANCE.

The City will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The City will require that each of its contractors and all subcontractors maintain, during the life of any construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance. In time of war, the City shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in this Ordinance and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The City will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System.

MANDATORY CONNECTIONS.

To the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto.

CONSULTING ENGINEER.

The City will retain a recognized, qualified independent consulting engineer on a biannual basis to supervise generally the operation, maintenance and repair of the System and to report biannually to the City in writing their recommendations and comments as to the System. Such biannual report of a consulting engineer, or a summary thereof, shall be made available at reasonable times to any Bondholder requesting the same.

SERVICES RENDERED TO THE CITY.

The City will not render or cause to be rendered any free services of any nature by its System; and, in the event the City or any department, agency, instrumentality, officer or employee of the City shall avail itself or himself or herself 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 City and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the City shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

ENFORCEMENT OF COLLECTIONS.

The City will diligently enforce and collect all fees, rates, 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, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. To the extent permitted by law, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or a part thereof, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The City further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations Promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off the sewerage services and facilities of the System and in the event the City owns a water facility (the "Water System"), the Water System to all delinquent users of the services and facilities of the System, and will not restore either water or sewerage services of the System or the Water System until all delinquent charges for the service and facilities of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

NO COMPETING FRANCHISE.

To the extent allowed by law, the City will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

BOOKS AND RECORDS.

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

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the City. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the City. The City 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 City shall be reported to the City.

The City shall file with the consulting engineer and the Original Purchaser within 120 days following the end of each Fiscal Year, and shall mail in each year to any Bondholder requesting the same, an annual report containing the following:

A. A statement of Revenues and Operating Expenses from the System.

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Ordinance, and the status of all said funds.

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

OPERATING BUDGET.

The Utility Board shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. 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 consulting 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 Utility Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of a consulting engineer that such increased expenditures are necessary for the continued operation of the System. The Utility Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder who shall file his or her address with the City and request in writing that copies of any such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Bondholder or anyone acting for and in behalf of such Bondholder.

Defaults and Remedies

EVENTS OF DEFAULT.

A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds.

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

(B) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance, the Supplemental Resolution or in the Bonds and such default shall have continued for a period of 30 days after the City shall have been given written notice of such default by the Depository Bank holding any fund or account hereunder or a Registered Owner of a Bond; or

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

REMEDIES.

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

Upon the occurrence of an Event of Default, the Commission may, and shall, at the direction of 51% of the Bondholders, by written notice to the City, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Ordinance or in the Bonds to the contrary notwithstanding.

APPOINTMENT OF RECEIVER.

Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the City under this Ordinance and the Act, including 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 and performing any construction necessary for the System. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice of the City of such default, any Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the City with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts herein provided and the payment of operating expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Bonds issued and authorized pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance 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 Ordinance shall have been cured and made good, possession of the System shall be surrendered to the City upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of Bonds issued pursuant to this Ordinance 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 City and for the joint protection and benefit of the City and Registered Owners of Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the City and Registered Owners, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the City, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the Systems.

Investment of Funds and Accounts

Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the City in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Except as otherwise provided, 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 used for the purpose of such fund or account. The interest accruing thereof and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The determination of the Value of the investments shall be made once a month. The Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. Such Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Restriction as to Arbitrage Bonds

Except as otherwise provided, any investment shall The City covenants that (i) it will restrict the use of the proceeds of the Series 1996 A Bonds in such manner and to such extent as may be necessary, in view of the City's reasonable expectations at the time of issuance of the Series 1996 A Bonds, so that the Series 1996 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and the Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1996 A Bonds) so that the interest on the Series 1996 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Modification or Amendment

No material modification or amendment of this Ordinance or of any Resolution or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the holders of two-thirds (2/3) or more in principal amount of the Bonds then outstanding; provided, however, 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 City to pay such principal and interest out of the revenues of the System without the consent of the Holder thereof. No amendment or modification shall be made which would reduce the percentage or modification of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

Defeasance

If the City shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then the pledge of net revenues and any other moneys and securities pledged under

this Ordinance and all covenants, agreements and other obligations of the City to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay, as and when due, the principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All Bonds shall, prior to the maturity or redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the City shall have given the Commission, in form satisfactory to it, irrevocable instructions to publish as provided herein notice of redemption of such Bonds on said date, (b) there shall have been deposited with the Commission either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Commission at the same or earlier time, shall be sufficient, to pay when due the principal of and redemption premium, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date of maturity date thereof, as the case may be, and an opinion of nationally recognized bond counsel to the effect that such action will not adversely effect the exclusion of the interest on the Bonds from gross income for federal income tax purposes and a verification from an Independent Accountant of the sufficiency of the amounts described in clause (b) for their intended purpose, and (c) in the event said Bonds are not by their terms subject to redemption, or are otherwise not to be redeemed by the City, within the next succeeding sixty (60) days, the City shall have given the Commission in form satisfactory to it irrevocable instructions to publish, as soon as practicable, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Commission and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, interest on, and redemption premium, if applicable, on said Bonds. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations.

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APPENDIX E

FORM OF BOND

INSURANCE POLICY

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AMBAC Municipal Bond Insurance Policy

AMBAC Indemnity Corporation
c/o CT Corporation Systems
44 East Mifflin St., Madison, Wisconsin 53703
Administrative Office:
One State Street Plaza, New York, NY 10004
Telephone: (212) 668-0340

Issuer:

Policy Number:

Bonds:

Premium:

AMBAC Indemnity Corporation (AMBAC) A Wisconsin Stock Insurance Company

in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to the United States Trust Company of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal of and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AMBAC will make such payments to the Insurance Trustee within one (1) business day following notification to AMBAC of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appurtenant coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, AMBAC shall become the owner of the surrendered Bonds and coupons and shall be fully subrogated to all of the Bondholders' rights to payment.

In cases where the Bonds are issuable only in a form whereby principal is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse principal to a Bondholder as aforesaid only upon presentation and surrender to the Insurance Trustee of the unpaid Bond, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the Bondholder or such Bondholder's duly authorized representative, so as to permit ownership of such Bond to be registered in the name of AMBAC or its nominee. In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse interest to a Bondholder as aforesaid only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Bond and delivery to the Insurance Trustee of an instrument of assignment in form satisfactory to the Insurance Trustee, duly executed by the claimant Bondholder or such Bondholder's duly authorized representative, transferring to AMBAC all rights under such Bond to receive the interest in respect of which the insurance disbursement was made. AMBAC shall be subrogated to all the Bondholders' rights to payment on registered Bonds to the extent of the insurance disbursements so made.

In the event the trustee or paying agent for the Bonds has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer of the Bonds has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from AMBAC to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Bondholder" means any person other than the Issuer who, at the time of Nonpayment, is the owner of a Bond or of a coupon appertaining to a Bond. As used herein, "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal of and interest on the Bonds which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of AMBAC, nor against any risk other than Nonpayment.

In witness whereof, AMBAC has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon AMBAC by virtue of the countersignature of its duly authorized representative.

President

AMBAC INDEMNITY CORPORATION CORPORATE SEAL WISCONSIN

Secretary

Effective Date:

Authorized Representative

UNITED STATES TRUST COMPANY OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer

SPECIMEN

Form # S66-0003 (8/92)

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MBC



Offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any jurisdiction.

Ratings: (AMBAC Insured)
Fitch: AAA
Standard & Poor's: AAA

New Issue—Full Book Entry

In the opinion of Bond Counsel, interest on the Waterworks and Sewer System Refunding Revenue Bonds, Series 1996A (the "1996A Bonds") is excludable from the gross income of the owners thereof for Federal Income Tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 as amended (the "Code") and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for the purposes of computing the alternative minimum tax. In addition, under the Act, the 1996A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof (See "Tax Exemption" herein).

$1,790,000*
The City of Williamson, West Virginia
Waterworks and Sewer System
Revenue Refunding Bonds
Series 1996A

Dated: October 1, 1996 **Due: October 1, as shown below**

The 1996A Bonds will be issued in fully registered form only and, when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 1996A Bonds. Individual purchases will be made in book-entry form only in the principal amount of five thousand dollars ($5,000) or integral multiples thereof. Purchasers of the 1996A Bonds will not receive certificates representing their interests in the 1996A Bonds. See "DESCRIPTION OF THE 1996A BONDS—Book-Entry Only System" herein.

The 1996A Bonds will be issued, together with other funds available therefor, for the purpose of advance refunding $1,356,132 outstanding of $1,402,664 Sewer Revenue Bonds, Series 1986 issued by the City on behalf of the Utility Board thereof for the purpose of acquiring and constructing a wastewater collection and treatment system (the "System"), to fund a reserve account, and to pay certain costs of issuance and other related costs (see "FINANCING PLAN" herein).

The City has designated the 1996A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. In the opinion of Bond Counsel, the 1996A Bonds are "qualified tax-exempt obligations," and the provision of the code which disallows the deductibility of all interest expense payable by financial institutions on debt incurred or continued to purchase or carry most tax-exempt obligations does not apply to the 1996A Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the 1996A Bonds will be deductible for federal income tax purposes.

Interest on the 1996A Bonds will accrue from October 1, 1996, and will be payable April 1, 1997 and semiannually thereafter (each April 1 and October 1) in each year to maturity. The principal of and interest on the 1996A Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the 1996A Bonds, as described herein. Bank One, West Virginia, National Association, Charleston, West Virginia, shall be the paying agent for the 1996A Bonds.

The 1996A Bonds are subject to optional and mandatory redemption as more fully described herein (see "DESCRIPTION OF THE 1996A BONDS" herein).

Payment of the principal of and interest on the 1996A Bonds when due will be insured by a municipal bond insurance policy to be issued by AMBAC Indemnity Corporation simultaneously with the delivery of the 1996A Bonds.

AMBAC
INDEMNITY CORPORATION

THE 1996A BONDS ARE PAYABLE SOLELY FROM AND SECURED BY A SHARED SECOND AND JUNIOR LIEN ON THE NET REVENUE DERIVED FROM THE OPERATION OF THE SYSTEM, AND DO NOT CONSTITUTE A DEBT OR GENERAL OBLIGATION OF THE CITY of WILLIAMSON, WEST VIRGINIA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS OR LIMITATIONS.

AMOUNTS, MATURITY SCHEDULES AND INTEREST RATES

Amount*	Year*	Interest Rate	Price*	Amount*	Year*	Interest Rate	Price*
$30,000	1997		100%	$ 40,000	2004		100%
30,000	1998		100%	40,000	2005		100%
30,000	1999		100%	40,000	2006		100%
30,000	2000		100%	45,000	2007		100%
35,000	2001		100%	45,000	2008		100%
35,000	2002		100%	50,000	2009		100%
35,000	2003		100%	50,000	2010		100%
				55,000	2011		100%

$1,200,000*— % Term Bonds Due 2025*—Price 100%*
(accrued interest to be added)

The 1996A Bonds are offered when, as and if issued and received, subject to the approval of their legality by Vaughan & Withrow, Charleston, West Virginia, Bond Counsel, and to certain other conditions. Certain legal matters will be passed on for the City by J. Timothy Poore, Williamson, West Virginia, City Attorney, for the Utility Board by Ronald J. Rumora, Esquire, Williamson, West Virginia, Board Attorney, and for the Underwriters by Bowles Rice McDavid Graff & Love, Charleston, West Virginia, Counsel to the Underwriter. It is expected that the 1996A Bonds will be available for delivery at DTC, in New York, New York on or about October , 1996.

WHEAT FIRST BUTCHER SINGER

Dated: October , 1996

*Preliminary, subject to change.

THE CITY OF WILLIAMSON, WEST VIRGINIA

MAYOR

Sam G. Kapourales

COUNCIL

Estil L. Bevins
Robert Alexander
Ivan Weaver
James Vanzant

CITY ADMINISTRATION

J. Timothy Poore—City Attorney
Frances K. Frye—City Clerk

UTILITY BOARD

J. Brooks Lawson, Jr.—Chairman
Ron Sanger, Jr.—Secretary/Treasurer
Charles Smith—Member
Douglas Jackson—Member

UTILITY BOARD ADMINISTRATION

Earl Duba—Superintendent
Richard D. Ailiff, Jr.—Assistant Superintendant
Claudine Ailiff—Office Manager
Ronald J. Rumora—Board Attorney

BOND COUNSEL

Vaughan & Withrow
Charleston, West Virginia

UNDERWRITER

Wheat First Butcher Singer
Charleston, West Virginia

The 1996A Bonds are exempt from registration under the Securities Act of 1933. As obligations of a political subdivision of the State of West Virginia, the 1996A Bonds are also exempt from registration under the securities laws of West Virginia. No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there by any sale of the 1996A Bonds by any person in any jurisdiction in which it is unlawful to such person to make such offer, solicitation or sale. The information and expressions of opinion herein have been obtained from the City, the Utility Board and other sources deemed to be reliable, but are not guaranteed as to accuracy or completeness by, and are not to be construed to be representations of, the Underwriters. The information herein is subject to change wihtout notice. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City, the Utility Board or the System since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 1996A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$1,790,000*

THE CITY OF WILLIAMSON, WEST VIRGINIA

Waterworks and Sewer System Revenue Refunding Bonds

Series 1996A

October ____, 1996

INTRODUCTION

The purpose of this Official Statement, including the cover page and the Appendices hereto, is to furnish information in connection with the issuance by The City of Williamson, West Virginia (the "City"), of $1,790,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A (the "1996A Bonds"). The 1996A Bonds are issued and secured in accordance with Article 20 of Chapter 8 (the "Act") of the West Virginia Code 1931, as amended (the "Act"), and pursuant to the provision of an Ordinance enacted by the Council of The City of Williamson, West Virginia (the "City Council"), on June 13, 1996, as supplemented by a Supplemental Resolution adopted on _____, 1996 (collectively "1996 Ordinance").

The proceeds of the sale of the 1996A Bonds, together with other funds available therefor, will be used to advance refund the outstanding The City of Williamson Waterworks and Sewer Revenue Bonds, Series 1986A Bonds, dated May 28, 1986, issued in the original amount of $1,402,664 and currently outstanding in the principal amount of $1,356,132 (the "Refunded Bonds"), fund a reserve account for the 1996A Bonds and pay costs of issuance of the 1996A Bonds and related costs.

Upon issuance, a portion of the proceeds of the 1996A Bonds will be irrevocably deposited with Bank One, West Virginia, National Association, Charleston, West Virginia (the "Escrow Agent"). The proceeds of the 1996A Bonds so deposited will be used to purchase United States Government Obligations.

The acquisition and construction of the System was financed in part by the proceeds of prior bond and note issues of the City, including $2,200,000 in original principal amount of Waterworks and Sewer Revenue Bonds of 1979 (the "1979 Bonds"), which are secured by a first lien on the net revenues of the System; $1,402,664 in original principal amount of Waterworks and Sewer Revenue Bonds, Series 1986A (the "Refunded Bonds") which are secured by a first lien on the net revenues of the System; $698,295 in original principal amount of Waterworks and Sewer Revenue Bonds, Series 1986B (the "1986 Series B Bonds"), which are secured by a second and junior lien on the net revenues of the System; and $1,800,000 in original principal amount of Waterworks and Sewer Revenue Bonds, Series 1986C (the "1986 Series C Bonds"), which are secured by a first lien on the net revenues of the System.

The 1979 Bonds are currently outstanding in the aggregate principal amount of $1,863,919, the Refunded Bonds are currently outstanding in the aggregate principal amount of $1,356,132, the 1986 Series B Bonds are currently outstanding in the aggregate principal amount of $551,285, and the 1986 Series C Bonds are currently outstanding in the aggregate principal amount of $1,593,151.

After the issuance of the Series 1996A Bonds, the 1979 Bonds and the 1986 Series C Bonds will be secured by a shared first lien on the net revenues of the System, and the 1986 Series B Bonds and the 1996A Bonds will be secured by a shared second and junior lien on the net revenues of the System.

The Refunded Bonds were sold pursuant to a loan agreement with the West Virginia Water Development Authority ("WDA"). In April of 1991, pursuant to a refunding of the WDA's outstanding 1985 Series B Bonds, the WDA, as permitted by the terms of its agreement with the City, extended the call date of its loan to the City which was being paid by the Refunded Bonds to November 1, 2001 at a call price of 102%. See "Estimated Sources and Uses of Funds", herein.

The 1996A Bonds are payable from and secured by a shared second and junior lien on the Net Revenues, as defined in the Bond Ordinance, derived from the System, and from funds on deposit in the Sinking Fund. The 1996A Bonds do not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, and the City shall not be obligated to pay the 1996A Bonds or any premium or the interest thereon except from such Net Revenues and such funds on deposit. Pursuant to the Bond Ordinance, the City has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the system and the services rendered thereby as will always produce Net Revenues, equal to at least 125% of the maximum annual amount required to pay the principal of and interest on the 1996A Bonds and any bonds superior or parity therewith, in each Fiscal Year. See "ADDITIONAL SECURITY FOR THE 1996A BONDS - Rate Covenant". The payment of the principal or redemption price of and interest on the Refunded Bonds will be made as described hereinafter under the heading "FINANCING PLAN".

The City may issue additional bonds on a parity with the 1996A Bonds for the purpose of (i) financing the cost of the construction or acquisition of additions, improvements and betterments to the System, (ii) refunding all or a portion of one or more series of bonds issued pursuant to the Ordinance, (iii) to pay claims which may exist against the revenues or facilities of the System, or (iv) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Ordinance (the 1996A Bonds and any such additional parity bonds are hereinafter referred to as the "Bonds"). See "ADDITIONAL SECURITY FOR THE SERIES 1996A BONDS - Parity Bonds".

Brief descriptions of the 1996A Bonds, the Ordinance, the Utility Board, the System, financial operations, the Escrow Agreement, the City and certain provisions of the Act are set forth in this Official Statement as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, provisions of the Act, or other applicable references herein to the Ordinance, provisions of the Act, or other applicable laws of the State are qualified in their entirety by reference to each such document. References herein to the 1996A Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents.

FINANCING PLAN

The 1996A Bonds are being issued for the primary purpose of refunding, in advance of the maturity thereof, the Refunded Bonds, which are presently outstanding in the aggregate principal amount of $1,356,132. The refunding is being undertaken to effect a savings in aggregate debt service for the City. The moneys and securities required to refund the Refunded Bonds will be deposited in or credited to a special and irrevocable trust fund designated "The City of Williamson Waterworks and Sewer System Revenue Refunding Bonds, 1996A Bonds Escrow Fund" (the "Escrow Fund") created under an Escrow Agreement (the "Escrow Agreement"), among the City, the West Virginia Municipal Bond Commission (the "Commission") and the Escrow Agent. The Escrow Fund is to be held by the Escrow Agent in trust for the payment of the Refunded Bonds and for the benefit of the holders thereof.

Pursuant to the Supplemental Resolution and in accordance with the Escrow Agreement, the City has elected to redeem on October 1, 2001, prior to their maturity $1,289,864 in aggregate principal amount of the Refunded Bonds maturing on and after October 1, 2002. Concurrently with the delivery of the 1996A Bonds, the City shall apply such funds from the proceeds of sale of the 1996A Bonds, together with other funds available therefor, to the purchase of certain Government Obligations as defined under "SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE -Definitions". The maturing principal of and interest on the Government Obligations, credited to and deposited in the Escrow Fund, together with any initial cash deposited therein, will be sufficient to pay (1) the principal of the Refunded Bonds as the same become due and payable, (2) the redemption price of 113.48% of $1,289,864 in aggregate principal amount of Refunded Bonds maturing on and after October 1, 2002, at the optional redemption thereof on October 1, 2001, and (3) the interest on the Refunded Bonds as the same comes due to maturity or prior redemption thereof.

The Escrow Agent will disburse from the Escrow Fund to the paying agent for the Refunded Bonds such amounts as shall be necessary to pay the Refunded Bonds and the interest thereon when due, whether by maturity, mandatory sinking fund redemption or optional redemption, as described above. The Escrow Agent will cause to be given notice of the call for redemption prior to maturity of the Refunded Bonds designated for prior redemption on October 1, 2001, as described above, and will disburse from the Escrow Fund to the designated paying agent for the Refunded Bonds such amounts as shall be necessary to pay the redemption price thereof on October 1, 2001.

Upon the deposit of the Government Obligations and cash into the Escrow Fund for the Refunded Bonds, the 1996A Bonds will be secured by the Bond Ordinance with a shared second and junior lien on the Net Revenues of the System.

Estimated Sources and Uses of Funds

Sources of Funds*

Principal Amount of 1996A Bonds	$1,790,000*	
Moneys Available from the City (1)	_____	
Accrued Interest	_____	
Total Sources of Funds		$_____

Uses of Funds*

Escrow Fund (2)	$_____	
Reserve Account Requirement (3)	_____	
Underwriters' Discount	_____	
Costs of Issuance (4)	_____	
Accrued Interest	_____	
Original Issue Discount	_____	
Total Uses of Funds		$_____

(1) Moneys held by the West Virginia Municipal Bond Commission in the sinking fund created under the Refunded Bond legislation.

*Preliminary, subject to change.

(2) The amount set forth in the Escrow Agreement as required, together with the income thereon, to effect the refunding of the Refunded Bonds as described above.

(3) An amount equal to the maximum amount of principal and interest which will come due on the 1996A Bonds in any fiscal year.

(4) Includes a one-time bond insurance premium to AMBAC.

DESCRIPTION OF THE 1996A BONDS

The City will issue $1,790,000* principal amount of the 1996A Bonds. The Bonds will be issued pursuant to the Ordinance. The proceeds of the 1996A Bonds will be used, together with other monies available to the City, to accomplish an advanced refunding of the Refunded Bonds.

The 1996A Bonds are available in book-entry form only. See "Book-Entry Only System" below. So long as Cede & Co. is the registered owner of the 1996A Bonds as nominee of The Depository Trust Company, New York, New York, references herein to the Bondholders or registered owners of the 1996A Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the 1996A Bonds. Bank One, West Virginia, National Association, Charleston, West Virginia, shall be the Paying Agent and the Registrar for the 1996A Bonds.

The principal and interest on the 1996A Bonds are secured by a shared second and junior lien on the Net Revenues of the System as more fully described in "FINANCING PLAN".

The principal of, premium, if any, and interest on the 1996A Bonds will be payable at the office of the Paying Agent.

The 1996A Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. Interest on the 1996A Bonds is payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by Bank One, West Virginia, National Association, Charleston, West Virginia, as registrar (the "Registrar"), for the registration and transfer of bonds (the "Register") as of the fifteenth (15th) day of the month preceding such interest payment date or, in the event of a default in the payment of the 1996A Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date (the "Record Date") or, if requested, in the case of such an owner of $1,000,000 or more in principal amount of 1996A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to the Record Date by such owner. Principal of and premium, if any, on the 1996A Bonds is payable to the owner thereof upon surrender thereof at the principal corporate trust department office of the Registrar, as paying agent (the "Paying Agent").

The 1996A Bonds will be dated October 1, 1996. The Bonds will bear interest at the rates and mature in the amounts set forth on the cover page of this Official Statement. The 1996A Bonds will be issued in fully registered form.

*Preliminary, subject to change.

Optional Redemption

The 1996A Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the City, the 1996A Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

Mandatory Redemption

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Bond Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

Year	Principal** Amount	Year	Principal** Amount
2012	$ 60,000	2019	$ 85,000
2013	60,000	2020	90,000
2014	65,000	2021	95,000
2015	70,000	2022	100,000
2016	75,000	2023	110,000
2017	75,000	2024	115,000
2018	80,000	2025	120,000*

*Final Maturity
**Preliminary, subject to change.

Notice of Redemption

The Registrar shall cause notice of any redemption of Bonds to be mailed by first class mail to the Owners of all Bonds to be redeemed at the addresses thereof appearing in the Registration Books. Each such notice shall (i) be mailed not more than 60 days nor less than 30 days prior to the redemption date, (ii) identify the 1996A Bonds to be redeemed (specifying the CUSIP numbers, if any, assigned to the 1996A Bonds), (iii) specify the redemption date and the Redemption Price, and (iv) state that on the redemption date the 1996A Bonds called for redemption will be payable at the principal corporate trust office of the Paying Agent, that from that date the 1996A Bonds called for redemption will be deemed to be paid, and interest will cease to accrue, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds for which notice was properly given.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, and it successor, will act as securities depository for the 1996A Bonds. The 1996A Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's Partnership nominee). One fully-registered 1996A Bonds Certificate for each maturity will be issued, in the aggregate principal amount of such issue, and will be deposited with DTC.

So long as DTC or its nominee is the registered owner of the 1996A Bonds, payment of the principal of and interest on the 1996A Bonds will be payable directly to DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need of physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of 1996A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each 1996A Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 1996A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 1996A Bonds, except in the event that use of the book-entry system for the 1996A Bonds is discontinued.

To facilitate subsequent transfers, all 1996A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of 1996A Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 1996A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 1996A Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. if less than all of the 1996A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be determined.

Neither DTC nor Cede & Co. will consent or vote with respect to 1996A Bonds. Under its usual procedure, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 1996A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 1996A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal and interest to DTC is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 1996A Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, 1996A Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (Or a successor securities depository). In the event 1996A Bond Certificates will be printed and delivered.

The information concerning DTC and DTC's book-entry system set forth above was obtained from DTC. Neither the City nor the Underwriters make any representation or warranty regarding the accuracy or completeness hereof.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE CITY SHALL TREAT CEDE & CO. AS THE ONLY BONDHOLDER FOR ALL PURPOSES UNDER THE BOND ORDINANCE, INCLUDING RECEIPT OF ALL PRINCIPAL AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE CITY AND PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER SUCH BOND ORDINANCE. THE CITY AND THE PAYING AGENT HAVE NO RESPONSIBILITY OR OBLIGATION

TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (B) THE PAYMENT BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND ORDINANCE TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Issuance of Additional Parity Bonds

As set forth in the Ordinance, the City may issue additional bonds ("Additional Bonds") equally and ratably secured with the 1996A Bonds to pay the cost of further extensions and improvements to the System upon certain terms and conditions as more fully described in the subsection entitled "Issuance of Other Obligations Payable from Revenues and General Covenant Against Encumbrances" in the section herein entitled "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE". The 1996A Bonds and any Additional Bonds which may be issued by the City are hereinafter collectively referred to as the "Bonds".

Authorization for Issuance

The 1996A Bonds are being issued pursuant to the Act and the 1996 Ordinance. The Act authorizes the issuance of refunding bonds of the City to pay or discharge all or any part of its outstanding revenue bonds including interest thereon. The issuance of revenue bonds by the City is not required by the Act or any other statute to be submitted to referendum for approval.

BOND INSURANCE

Payment Pursuant to Municipal Bond Insurance Policy

AMBAC Indemnity has made a commitment to issue a municipal bond insurance policy (the "Municipal Bond Insurance Policy") relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Municipal Bond Insurance Policy, AMBAC Indemnity will pay to the United States Trust Company of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Municipal Bond Insurance Policy). AMBAC Indemnity will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which AMBAC Indemnity shall have received notice of Nonpayment from the Trustee/Paying Agent. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by AMBAC Indemnity.

The Municipal Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, AMBAC Indemnity will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee/Paying Agent has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available.

The Municipal Bond Insurance Policy does not insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Municipal Bond Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.

2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Municipal Bond Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of AMBAC Indemnity to the extent of the payment under the Municipal Bond Insurance Policy. Payment of interest pursuant to the Municipal Bond Insurance Policy requires proof of the Bondholder entitlement to interest payments and an appropriate assignment of the Bondholder's right to payment to AMBAC Indemnity.

Upon payment of the insurance benefits, AMBAC Indemnity will become the owner of the Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Bond and will be fully subrogated to the surrendering Bondholder's rights to payment.

AMBAC Indemnity Corporation

AMBAC Indemnity Corporation ("AMBAC Indemnity") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately $2,505,000,000 (unaudited) and statutory capital of approximately $1,384,000,000 (unaudited) as of June 30, 1996. Statutory capital consists of AMBAC Indemnity's policyholders' surplus and statutory contingency reserve. AMBAC Indemnity is a wholly owned subsidiary of AMBAC Inc., a 100% publicly-held company. Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. and Fitch Investors Services, L.P. have each assigned a triple-A claims-paying ability rating to AMBAC Indemnity.

AMBAC Indemnity has entered into pro rata reinsurance agreements under which a percentage of the insurance underwritten pursuant to certain municipal bond insurance programs of AMBAC Indemnity has been and will be assumed by a number of foreign and domestic unaffiliated reinsurers.

AMBAC Indemnity has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by AMBAC Indemnity will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by AMBAC Indemnity under policy provisions substantially identical to those contained in its municipal bond insurance

policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer of the Bonds.

AMBAC Indemnity makes no representation regarding the 1996A Bonds or the advisability of investing in the 1996A Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by AMBAC Indemnity and presented under the heading "Bond Insurance."

Available Information

The parent company of AMBAC Indemnity, AMBAC Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. (the "NYSE") at 20 Broad Street, New York, New York 10005. The Company's Common Stock is listed on the NYSE.

Copies of AMBAC Indemnity's financial statements prepared in accordance with statutory accounting standards are available from AMBAC Indemnity. The address of AMBAC's Indemnity's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York, 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Commission (File No. 1-10777) are incorporated by reference in this Official Statement.

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 and filed on April 1, 1996;

(2) The Company's Current Report on Form 8-K dated January 31, 1996 and filed on February 28, 1996;

(3) The Company's Current Report on Form 8-K dated March 13, 1996 and filed on March 14, 1996;

(4) The Company's Current Report on Form 8-K/A, First Amendment to Current Report on Form 8-K dated March 13, 1996 and filed on March 15, 1996;

(5) The Company's Quarterly Report on Form 10-Q for the period ended March 31, 1996 and filed on May 15, 1996; and

(6) The Company's Quarterly Report on Form 10-Q for the period ended June 30, 1996 and filed on August 14, 1996.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "**AVAILABLE INFORMATION**".

ADDITIONAL SECURITY FOR THE 1996A BONDS

Following the issuance of the 1996A Bonds and the defeasance of the Refunded Bonds the 1996A Bonds will have a shared second and junior lien position on the Net Revenues of the System.

Upon the deposit of the Government Obligations and cash into the escrow fund for the Refunded Bonds, the pledge of the net revenues, Refunded Bonds proceeds and other moneys and securities pledged under the 1986 Ordinance will be discharged and satisfied therefrom, the 1996A Bonds will be secured by the Bond Ordinance with a shared second and junior lien on the Net Revenues of the System. No lien is or may be created on any physical property of the System, but the Bond Ordinance and the Act provide, among other remedies, that upon default a receiver may be appointed to operate the System.

Neither the full faith and credit, nor the taxing power of the City, nor any funds other than the Net Revenues of the System, are pledged to the payment of the 1996A Bonds, and the 1996A Bonds do not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provision or limitation.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with a State banking corporation or national banking association selected by the Utility Board (the "Depository Bank"), for disposition in the following order of priority (except as described below):

(1) First, each month, to pay the current Operating Expenses of the System;

(2) Pay such amounts as are required to be paid on the 1979 Bonds and the 1986 Series C Bonds;

(3) Thereafter from the moneys in the Revenue Fund to make the following deposits in the Sinking Fund simultaneously and pro rata with the payments required for the 1986 Series B Bonds and the Refunded Bonds (and after the defeasance of the Refunded Bonds, the payments required for the 1996A Bonds):

(a) On the first (1st) day of each month, beginning seven (7) months prior to the first (1st) interest payment date, one-sixth (1/6) of the amount of interest payable on the next ensuing semiannual interest payment date shall be deposited;

(b) On the first (1st) day of each month beginning thirteen (13) months prior to the first (1st) principal payment date or mandatory redemption date, one-twelfth (1/12) of the amount of principal which will mature or be redeemed shall be deposited;

(c) As may be required any fiscal charges for paying principal and interest on the 1996A Bonds.

(4) Then from the moneys remaining in the Revenue Fund, the City shall next, each month, pay into the Reserve Account an amount necessary to make up any deficiency in the 1996A Bonds Reserve Account

Requirement resulting from (i) the valuation of investments in the 1996A Bonds Reserve Account which results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of the 1996A Bonds Reserve Account is less than the 1996A Bonds Reserve Account Requirement, or (ii) withdrawals from the 1996A Bonds Reserve Account for deposit into the Sinking Fund, beginning with the first full calendar month following the event described in either clause (i) or (ii) above. Provided, that in no event shall the amount deposited into the 1996A Bonds Reserve Account in any month be less than, in the event the deficiency in the 1996A Bonds Reserve Account Requirement is due to a decrease in the Value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in the 1996A Bonds Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the 1996A Bonds Reserve Account as described in clause (ii) above (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the 1996A Bonds Reserve Account shall have been made equal to the 1996A Bonds Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the 1996A Bonds Reserve Account whenever and as long as the amount deposited therein (including any 1996A Bonds Reserve Account Credit Facility) shall be equal to the 1996A Bonds Reserve Account Requirement;

(5) Thereafter on the first (1st) day of each month the City is required to place a sum equal to two and one-half percent (2-1/2%) of Gross Revenues (less amounts deposited to the 1996A Bonds Reserve Account) in the Renewal and Replacement Fund;

(6) After the required and provided transfers and payments have been made, the balance of the net revenues of the System may be transferred to the Sinking Fund or used by the City for additions to, or for any other lawful purpose related to, the System, after the establishment of certain additional reserves as described in more detail in the subsection entitled "Application of Revenues" in the section herein entitled "Summary of Certain Provisions of the Bond Ordinance".

Rate Covenant

The City covenants to charge and collect rates and charges for the use of and for the services provided by the System as will produce revenues sufficient to pay the expenses of operating, maintaining and repairing the System and leave a balance each year equal to at least one hundred twenty-five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, as the same become due and accomplish retirement of all Bonds for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. An increase in rates by the City is subject to review and modification by the Public Service Commission of West Virginia if an aggrieved customer files with the Commission a petition signed by at least twenty-five percent (25%) of the customers of the System within thirty (30) days of the adoption of the Bond Ordinance providing for the increase (see the section herein entitled "Rates and Charges"). The City also covenants in the Bond Ordinance that it will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of West Virginia and will segregate the revenue therefrom and make application thereof as provided in the Bond Ordinance.

Parity Obligations

The Bond Ordinance provides that as long as any of the 1996A Bonds remain outstanding no other bonds or other obligations may be issued or incurred having a priority or preference over the 1996A Bonds with respect to the net revenues of the System. The Bond Ordinance provides, however, that the City may, upon satisfying certain conditions as described in the subsection entitled "Issuance of Other Obligations Payable Out

of Revenues and General Covenant Against Encumbrances" in the section herein entitled "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE", issue Additional Bonds payable from and secured by the net revenues of the System on a parity with the 1996A Bonds.

Enforcement of Collections

The City covenants in the Ordinance to diligently enforce and collect all fees, rates, 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, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State. Under the Act, as hereinafter defined, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

The City further covenants and agrees that it will, subject to applicable State law and regulations, and under such reasonable rules and regulations as may be prescribed by the Public Service Commission of West Virginia and the City, discontinue sewer services to all delinquent users of sewer services and will not restore such services until all delinquent amounts, plus reasonable interest and penalty charges for the restoration of service, have been fully paid. (See "THE SYSTEM - Customer Statistics").

Mandatory Connection

The City covenants that, within the geographic limits of the City and subject to State laws and regulations, every owner, tenant or occupant of every house, dwelling or building located near the System, shall connect with the System and shall thereupon and thereafter refrain from using and shall cease to use all other means for the collection, treatment and disposal of sewage or waste matter and shall pay all charges, fees and rates lawfully provided for use of the System.

Within the geographic limits of the City and subject to applicable State laws and regulations, any such building or structure from which emanates sewage or water-borne waste matter and is not so connected with the System is declared and found by the Ordinance to be a hazard to the health, safety, comfort and welfare of the inhabitants of the City 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.

THE SYSTEM

Water and Sewerage Service

The System, pursuant to statute, is under the custody, supervision, control, administration, maintenance and operation of the Utility Board (the "Utility Board"), The Utility Board provides water service through a plant currently pumping approximately 2,500,000 gallons per day and operates a sewage collection and treatment system with a treatment plant of approximately 1,038,000 gallons per day capacity and about 22 miles of sewer lines. The System is valued at approximately Fourteen Million Five Hundred Thousand Dollars ($14,500,000). The water system serves the entire City and certain outlying areas. The sewerage system covers approximately seventy-five percent (75%) of the City as well as South Williamson, Kentucky with a total population of approximately four thousand two hundred (4,200) and a customer count of approximately 2,040. Certain facilities of the base System were constructed through funds provided from the sale of revenue bonds including the Refunded Bonds which were issued in the original amount of One Million Four Hundred Two Thousand Six Hundred and Sixty-four Dollars ($1,402,664) of which $1,356,132 are outstanding as of

September, 1996. These Bonds are payable from user charges which provide the requisite net revenues for payment of these and other revenue bonds. See "Introduction".

Organization and Administration

The System is a municipally owned public water and sewer utility operated in accordance with the Act and the rules and regulations of the Public Service Commission of West Virginia (the "PSC"). The Utility Board was created by the City by an ordinance passed in 1979 to acquire, construct, equip, operate and maintain a water gathering and distribution system and a sewage collection and disposal system. The Utility Board serves as the policy making body for the System. The Utility Board consists of three members, with the Mayor of the City as ex-officio chairman. Two (2) other members are appointed by City Council to staggered three (3) year terms. During any period of construction, one member must be a Registered Professional Engineer. Under the Act, the City Council retains the authority to establish and maintain rates and charges for the use of services provided by the Utility Board and to issue bonds on behalf of the City for the purpose of paying the costs of improvements and extensions to the System.

The present membership of the Utility Board is as follows:

J. Brooks Lawson, Jr. ..... Chairman
Term Expires December 31, 1997

Clarence H. Mitchell ..... Vice Chairman
Term Expires December 31,1996

Charles Smith ..... Member
Term Expires December 31, 1996

Douglas Jackson ..... Member
Term Expires December 31, 1996

Billy B. Hatfield ..... Member
Term Expires December 31,2000

The Utility Board operates through three (3) divisions: Administration, Plant and Collection System Operation and Maintenance. In addition to the general manager and staff engineer, the Utility Board employs a staff of twenty (20) full-time employees and has an annual budget in excess of $1,800,000.

Certain administrative staff members and professionals are employed or retained by the Utility Board as follows:

Earl Duba, Superintendent, of the Utility Board, has served in this position since 1993.

Richard D. Ailiff, Jr. ..... Assistant Superintendent

Claudine Ailiff ..... Office Manager

Ronald J. Rumora ..... Board Attorney

Service Area

The City is located in the southwestern part of Mingo County, West Virginia, approximately ninety (90) miles southeast of Charleston, the State Capitol and contiguous to the West Virginia-Kentucky border.

The System presently serves the area that comprises Williamson and certain unincorporated areas, including a portion of the South Williamson, Kentucky and Nolan, West Virginia, as well as to providing services to certain local public service districts.

The Utility Board has provided water service to Chatteroy Public Service District ("Chatteroy PSD") since January 1, 1984. Chatteroy PSD is located about two miles down the Tug Fork Valley from Williamson. Water is provided in bulk to them and the district is treated as a customer of the Utility Board. Chatteroy PSD serves 406 customers.

The Utility Board also provides water in bulk to the small community of Nolan, West Virginia, which is about five miles below Williamson within the Tug Fork Valley. The community is also a customer of the Utility Board. Nolan serves 218 customers.

Water is also provided in bulk to Mountain Water Public Service District across the Tug Fork in Kentucky. Mountain Water serves 3600 customers.

Two 6 inch water lines provide service to the Appalachian Plaza and the Appalachian Regional Hospital across the Tug Fork in Kentucky. Sewerage service is also provided to Appalachian Plaza and the Appalachian Regional Hospital and each is treated as a separate water and sewerage customer of the Utility Board.

Existing Facilities

The Williamson sewerage system was begun in 1960. The City has storm, sanitary and combined sewers. Sewer construction has taken place to a greater or lesser degree continuously since 1987.

A primary sewage treatment plant was built in 1964, improvements were made in 1987, and converted to an activated sludge plant in 1987.

There are approximately twenty-two (22) miles of sewer lines in the City.

The City's water system collects, treats and distributes potable water to residential, commercial and industrial customers within the service area from its water treatment plant designed to pump 2,800,000 gallons per day with a capacity of up to 4,200,000 gallons per day.

The water system is supplied by a gravity feed pump which draws raw water from the aquifer underlying the Tug Fork and deposits it in the plant's wet-wells. Once in the plant's wet-wells the raw water is treated through a chemical process that involves mixing, settling and filtering of the potable water. Average daily consumption is currently about 2,500,000 gallons per day.

Other raw materials necessary for the production of potable water include chemicals and electric power supply. Chemicals are purchased through annual contracts with reliable suppliers. The Utility Board has encountered no difficulties in obtaining adequate chemicals. The required electrical energy is furnished through the system of Appalachian Power Company. While short electrical interruptions are sometimes experienced, these interruptions have not created any serious problems for the Utility Board.

Customers

The Utility Board's average number of customers for the fiscal years ending June 30, 1990 through 1995 are as follows:

Year	Number of Customers
1991	1649
1992	1643
1993	1639
1994	1633
1995	1626
1996	2041

Customer totals have increased by three hundred ninety-two (392) from 1991 to 1995. The Board's service area extends outside the corporate limits of Williamson.

The following table sets forth the major sewer customers of the City for the fiscal year ended June 30, 1996:

Major Customers	Gallons (000)	June 30, 1996 Revenue	% of Total Utility Board Operating Revenues
Mingo Manor	5,288	$19,694.78	.91%
Southside Mall	12,267	29,644.56	1.36%
Housing Authority	5,527	23,225.66	1.07%
Mingo County Board of Education	3,482	25,466.12	1.17%
Super 8 Motel	1,940	5,625.49	.26%
Williamson Towers	1,632	7,336.36	.34%
Virginia Apartments	824	3,800.01	.18%
Mingo County Courthouse Complex	2,498	12,205.58	.56%
L.S.R. Realty	1,823	9,259.76	.43%
Major Industrial Customers			
N & S Railway	10,237	43,817.13	2.02%
Appalachian Regional Hospital	59,229	243,594.02	11.21%
Williamson Memorial Hospital	8,517	34,886.43	1.61%

RATES AND CHARGES

Since May 1, 1987, charges, for most customers of the System, are calculated as follows:

For water inside the corporate limits of Williamson:

up to	3,000 gallons water used per month	$	10.20 per month
4,000 to	20,000 gallons water used per month	$	2.50 per thousand gal.
next	30,000 gallons water used per month	$	2.35 per thousand gal.
next	50,000 gallons water used per month	$	2.25 per thousand gal.
next	100,000 gallons water used per month	$	2.15 per thousand gal.

No bill will be rendered for less than the following amounts, according to the size of the meter installed:

¾	inch meter or less	$ 10.20 per month
1	inch meter or less	$ 26.10 per month
1-½	inch meter or less	$ 58.75 per month
2	inch meter or less	$ 104.75 per month
3	inch meter or less	$ 235.00 per month
4	inch meter or less	$ 433.85 per month
6	inch meter or less	$ 940.05 per month
8	inch meter or less	$ 1,671.17 per month

For sewage inside the corporate limits of Williamson:

first	20,000 gallons water used per month	$ 3.41 per thousand gal.
next	30,000 gallons water used per month	$ 2.37 per thousand gal.
next	50,000 gallons water used per month	$ 2.04 per thousand gal.
next	100,000 gallons water used per month	$ 1.63 per thousand gal.

For water outside the corporate limits of Williamson:

up to	4,000 gallons water used per month	$ 15.08 per month
4,000 to	20,000 gallons water used per month	$ 3.77 per thousand gal.
next	30,000 gallons water used per month	$ 2.98 per thousand gal.
next	50,000 gallons water used per month	$ 2.75 per thousand gal.
next	90,000 gallons water used per month	$ 2.65 per thousand gal.
over	100,000 gallons water used per month	$ 2.50 per thousand gal.

For sewage outside the corporate limits of Williamson:

First	20,000 gallons water used per month	$ 3.82 per thousand gal.
Next	30,000 gallons water used per month	3.04 per thousand gal.
Next	50,000 gallons water used per month	2.67 per thousand gal.
Over	900,000 gallons water used per month	2.30 per thousand gal.
Over	1,000,000 gallons water used per month	1.89 per thousand gal.

The minimum monthly charge for these customers is $10.24 per month.

For sewage that contains industrial waste. The charge for the treatment of industrial waste will be calculated on the basis of the following formula:

$$Ci=VoVi+BoBi+SoSi$$

When an industrial user is to be served, a preliminary study of its waste, and the cost of transport and treatment thereof is made. Waste containing materials which in the judgment of the Utility Board should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefor, based upon the formula set out above.

Thereafter, industrial sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of Utility Board records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the industrial user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each industrial user, or refund given by the Utility Board, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

Minimum Charge: The charge of Ten Dollars and Twenty-Four Cents ($10.24) shall be the minimum for each month or fraction thereof for customers located within the corporate limits of Williamson. If for any reason there be no record of the amount of water supplied in any month, then the charge shall be based upon the last available monthly meter reading or if there is no water meter, the customer shall be charged based upon three thousand (3,000) gallons per occupant but in no event less than the monthly minimum charge.

Charges for service, if not paid when due, shall constitute a lien upon the property served. Charges not paid within thirty (30) days of their due date, plus a ten (10%) penalty, may be recovered by civil action and the lien may be foreclosed against the delinquent property.

The Utility Board estimates that a typical household uses approximately five thousand (5,000) gallons of water per month resulting in a sewer bill of Seventeen Dollars and Five Cents ($17.05) per month.

Pursuant to Section 16 of the Act, the governing body of a municipality is empowered to establish and maintain just and equitable rates and charges for the use of its municipal sewer system and to change such rates from time to time. Such rates and charges are required to be sufficient in each year for the payment of the expense of operation, repair, replacements and maintenance of the sewer system and for payments required to be made into a sinking fund on account of any outstanding bonds. Rates and charges shall be established by the Bond Ordinance, but only after the Ordinance has been advertised and a public hearing has been held. Any change in the schedule of rates and charges may be made in the same manner, except that a substantially pro rata adjustment of rates and charges with respect to each class of service shall not require advertisement or a public hearing.

Rates charged by municipally operated utilities in West Virginia generally are not subject to regulatory approval. Section 24-2-4b of the West Virginia Code provides that rates and charges established by municipally operated utilities shall be just, reasonable, applied without unjust discrimination and based primarily on the costs of providing service. Rates and charges set by such utilities must be filed with the PSC. Any customer of a municipality operated utility aggrieved by a rate change may, however, within thirty (30) days of the adoption of the Bond Ordinance providing for the change, present to the PSC a petition signed by not less than twenty-five (25%) percent of the customers served by the utility. Upon the filing of such a petition the rate increase is suspended for one hundred twenty (120) days or until an order is issued as described below and the PSC is required to appoint from its staff a hearing examiner to review the grievances raised and to conduct a public hearing. Within one hundred twenty (120) days from the filing of the petition the hearing examiner shall issue an order approving, disapproving or modifying the rate increase. Such order shall have the full force and effect of an order issued by the PSC. In addition, if a municipally operated utility serves customers outside the boundaries of the municipality and the rates charged such customers are different from those charged customers within the municipality's boundaries, the PSC is empowered to review and approve or order changes in such rates if, within thirty (30) days of the effective date of the Ordinance providing for such different rates, customers located outside the municipality's boundaries allege that such rates are discriminatory and request a review of such rates by the PSC. The PSC may determine the method by which such rates are reviewed and may grant and conduct a second hearing on the matter if the customer of the municipality requests such a hearing.

Consequently, delays in increasing rates or reductions of such higher rates could occur if such rates are challenged. Although the current rates are adequate to pay the debt service on the 1996A Bonds, in the future, any such delay or reduction in proposed rates would adversely affect the City's ability to pay principal and interest on Bonds.

Billing and Collections

Billing and collecting is performed by the Utility Board using monthly water meter readings.

The bills are due on the 20th day from the date the bills are rendered. After the 20th day a delayed payment penalty of ten percent (10%) is applied to unpaid accounts.

Delinquent customers are permitted to make arrangements for payment of the delinquent amount over several months. A condition to this arrangement is that current charges must be paid promptly. These delinquent customers who default on the late payment arrangements or fail to make any arrangements are subject to termination of water services until all past due charges are paid.

As of June 30, 1996, the Utility Board had $1,355,423.40 in accounts receivable.

Summary of Accounts Receivable

Year Ended June 30	Operating Revenues	Total Accounts Receivable
1991	$ 1,652,822	$ 586,210.00
1992	$ 1,719,107	$ 699,075.00
1993	$ 1,806,645	$ 882,987.00
1994	$ 1,809,810	$ 1,001,948.00
1995	$ 2,064,134	$ 333,563.00
1996	$ 2,172,902	$ 1,355,423.40*

Source: Compiled by the Utility Board from the annual audit report of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal years ended June 30, 1991 through 1994 and Somerville and Company, Certified Public Accountants, Huntington, West Virginia, for the fiscal year ended 1995 and the compiled financial statements of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal year ended June 30, 1996.

*Includes balance due from Mountain Water Public Service District.

The City has covenanted to diligently enforce and collect all fees and charges as described in "Summary of Certain Provisions of the Ordinance -- General Covenants -- Enforcement of Collections" herein. The City has taken steps to enforce collections.

Method of Accounting

The Utility Board maintains its accounts on an accrual basis and in accordance with the guidelines of the PSC and generally accepted accounting principles. Vallet and Associates, Logan, West Virginia, Certified Public Accountants audited the Utility Board for the fiscal years ended June 30, 1991 through 1994.

Somerville and Associates, Huntington, West Virginia, Certified Public Accountants audited the Utility Board for the fiscal year ended June 30, 1995.

Public Employees Retirement System

The Board elected to participate in the West Virginia Public Employees Retirement System (the "Retirement System"), a state-wide system comprised of the State of West Virginia and such of its political subdivisions as elect to participate.

Annuity benefits under the Retirement System are financed through employer and member contributions and investment earnings on such contributions. The Utility Board is obligated as an employer to contribute monthly to the Retirement System an amount equal to 9.5 percent of its employee payroll for the preceding month. The following table summarizes the contributions made by the Utility Board to the Retirement System during each of the past five fiscal years.

Retirement System Contributions

	1991	1992	1993	1994	1995	1996
Employees Covered	20	19	19	21	21	20
Contribution Rate	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Contributions	$39,674	$39,150	$39,591	$45,198	$45,721	$46,612

Source: Compiled by the Utility Board from the annual audit report of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal years ended June 30, 1991 through 1994 and Somerville and Company, Certified Public Accountants, Huntington, West Virginia, for the fiscal year ended 1995 and the compiled financial statements of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal year ended June 30, 1996.

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Summary of Revenues, Expenses and Debt Service Coverage Ratios

The following table presents a summary of the historical revenues, expenses and debt service coverage ratios for the fiscal years ended June 30, 1991 through 1995, based on audited financial reports. A summary for the fiscal year ended June 30, 1996 is presented based on an unaudited financial report.

	Fiscal Years ended June 30					Fiscal Year ended June 30, 1996*
	1991	1992	1993	1994	1995	
Gross Revenue:						
Operating	$1,652,822	$1,719,107	$1,806,645	$1,809,810	$2,064,134	$2,172,902
Non-Operating	79,452	92,613	67,855	73,868	79,489	29,146
Total:	$1,732,274	$1,811,720	$1,874,500	$1,883,678	$2,143,623	$2,202,048
Operating Expenses:**	1,048,079	989,666	1,039,916	1,350,622	1,280,869	1,305,661
Revenues Available For Debt Service	$684,195	$822,054	$834,584	$533,056	$862,754	$896,387
Debt Service Requirement:	$421,450	$421,450	$421,450	$421,450	$421,450	$421,450
Debt Coverage Ratio:	1.62X	1.95X	1.98X	1.26X	2.05X	2.13X

*unaudited

**Does not include depreciation expense.

Source: Compiled by the Utility Board from the annual audit report of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal years ended June 30, 1991 through 1994 and Somerville and Company, Certified Public Accountants, Huntington, West Virginia, for the fiscal year ended 1995 and the compiled financial statements of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal year ended June 30, 1996.

Management Discussion of Financial Results

For the audited fiscal years ended June 30, 1991 through 1995, the Board's operating expenses increased 22% while gross revenues increased 24%. During this same period, Debt Service Coverage Ratios grew from 1.62X to 2.05X. The Utility Board's debt coverage ratio for the fiscal year ended June 30, 1996, based on the unaudited financial statements was 2.13X. The Utility Board has maintained sufficient revenues to meet the current required minimum debt service coverage ratio of 1.15X.

Two items were charged against retained earnings for the fiscal year ended June 30, 1995. The Utility Board charged $248,533 of uncollectible accounts receivable to retained earnings during the fiscal year ended June 30, 1995. This action was taken in accordance with an agreement between Chatteroy Public Service District ("Chatteroy"), a customer of the System and the Utility Board whereby the Board would forgive Chatteroy's past due account is Chatteroy paid the Board at current rates for water and sewer usage. Chatteroy has been paying according to the terms of the agreement.

Additionally, the Board's allowance for doubtful accounts was increased in the amount of $665,300 through an adjustment to retained earnings as a result of a large prior period overdue balance on accounts receivable that were due from Mountain Water Public Service District. Similar to Chatteroy, Mountain Water has not been paying for services from the City at the rate set by the Board. Mountain Water was to begin paying the current rate plus a portion of the arreage, but no formal agreement has been reached to date.

BANKRUPTCY

The United States Bankruptcy Code permits political subdivisions that are insolvent or unable to meet their debts to file a petition for relief in Federal Bankruptcy Courts if authorized by state law. Although no West Virginia legislation currently authorizes such a filing, future legislation may permit the City to undertake bankruptcy proceedings.

Bankruptcy proceedings by the City could have additional adverse effects on Bondholders, including (a) delay in the enforcement of Bondholders' remedies, (b) subordination of the Bondholders' liens to claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without the consent of all Bondholders to a reorganization plan reducing or delaying payment on the 1996A Bonds. The Bankruptcy code contains provisions intended to insure that, in any reorganization plan not accepted by the holders of at least a majority in aggregate principal amount of the 1996A Bonds, Bondholders will have the benefit of their original liens or the "indubitable equivalent". The effect of these and other new provisions of the Bankruptcy Code cannot be predicted with any certainty and may be significantly affected by judicial interpretation.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the City, threatened or affecting the City (or, to the City's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the validity of the 1996A Bonds, the Bond Ordinance, the Supplemental Resolution, the Escrow Agreement or any agreements to which the City is a party and which is a part of the issuance of the 1996A Bonds.

LANDLORD LIENS

The City of Williamson is currently engaged in litigation involving whether recent statutory changes prevent it from collecting delinquent charges from the owners of tenant-occupied property. This litigation does not involve the possibility of any liability for the Williamson Utility Board but rather it seeks to challenge the possible elimination of an entire class to whom the Utility Board looked for payment of its sewer charges.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the 1996A Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See "THE 1996A BONDS - General".

VERIFICATION OF MATHEMATICAL COMPUTATIONS

KPMG Peat Marwick, LLP, Houston, Texas, independent certified public accountants, will verify (a) certain mathematical computations as to the sufficiency of the Government Securities, other securities and cash deposited into the Escrow Fund to pay when due on the date designated for prior redemption, the principal of, interest on, and prior redemption premiums due in connection with the Refunded Bonds designated for prior redemption, and the principal of and interest on the remaining Refunded Bonds to their maturities, and (b) as to the yield on the 1996A Bonds and on the Government Obligations purchased with proceeds of the 1996A Bonds and deposited into the Escrow Fund. Such verifications will be based upon information supplied to KPMG Peat Marwick, LLP by representatives of the Underwriters.

FINANCIAL STATEMENTS

Included in Appendix C are the audited financial statements of the Utility Board as of and for the fiscal year ended June 30, 1995 and the report thereon dated May 1, 1996 of Somerville and Company independent certified public accountants. Such audited statements have been included herein in reliance upon the report of such accounts as experts in auditing and accounting. Also included in Appendix C are the unaudited financial statements of the Utility Board as of and for the fiscal year ended June 30, 1996, compiled by Vallet and Associates, independent certified public accountants.

TAX EXEMPTION

Vaughan & Withrow, Bond Counsel is of the opinion that, under existing statutes and court decisions, interest on the 1996A Bonds is excludable from the gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item for purposes of the Code, and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax. In its approving opinion, Bond Counsel expresses no opinion regarding other tax consequences arising with respect to the 1996A Bonds.

The City has designated the 1996A Bonds as "qualified tax-exempt obligations" and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds) during the calendar year 1996. Therefore, the 1996A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or carry most tax-exempt obligations does not apply to the 1996A Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the 1996A Bonds is deductible for federal income tax purposes.

In addition, under the Act, the 1996A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the 1996A Bonds in order that interest on the 1996A Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include provisions which prescribe yield and other

limits relative to the investment and expenditure of the proceeds of the 1996A Bonds and other amounts and require that certain earnings be rebated to the Federal government. The City will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Noncompliance with such requirements may cause interest on the 1996A Bonds to become includable in gross income for Federal Income Tax purposes retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance is ascertained.

CONTINUOUS DISCLOSURE

The City has agreed, in accordance with the provisions of Rule 15c2-12 (the "Rule"), adopted by the Securities and Exchange Commission (the "Commission") under the Securities and Exchange Act of 1934, to provide to each nationally recognized municipal securities information repository ("NRMSIR") and to the appropriate state information depository ("SID"), if any, for the State of West Virginia, in each fiscal year, the following annual financial information and operating data (commencing with the fiscal year ended June 30, 1997):

1. a copy of the annual financial statements of the City prepared in accordance with generally accepted accounting principles and audited by a certified public accountant; and

2. an update of the information in the Official Statement contained beneath the headings and subheadings "THE SYSTEM - SEWER SYSTEM, - SERVICE AREA, - CUSTOMERS" and "RATES AND CHARGES - BILLINGS AND COLLECTIONS".

The City has reserved the right to modify from time to time the specific types of information provided and the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City provided that, the City has agreed that any such modification will be done in a manner consistent with the Rule. The City, may, at its option, satisfy this obligation by providing an official statement for one or more series of bonds of the City or by specific reference, in accordance with the Rule, to one or more official statements provided previously.

The City has agreed to provide, in a timely manner, to (i) each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB") and (ii) the SID, if any, notice of the occurrence of any of the following events with respect to the 1996A Bonds if, material:

1. principal and interest payment delinquencies,

2. non-payment related defaults,

3. unscheduled draws on debt service reserves reflecting financial difficulties,

4. unscheduled draws on credit enhancements, if any, reflecting financial difficulties,

5. substitution of credit or liquidity providers, if any, or their failure to perform,

6. adverse tax opinions or events affecting the tax-exempt status of the 1996A Bonds,

7. modifications to right to Bondholders,

8. bond calls,

9. defeasances,

10. release, substitution, or sale of property securing repayment of the 1996A Bonds or

11. rating changes.

In a timely manner, the City will give to each NRMSIR or to the MSRB, and to the SID, if any, notice of any failure by the City to provide any information described in the first two paragraphs under this heading on or before the dates specified therein.

The City has reserved the right to terminate its obligation to provide financial information and notices of material events, as described above, if and when the System no longer remains an obligated person with respect to the 1996A Bonds within the meaning of the Rule.

The City has agreed that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders or beneficial owners of the 1996A Bonds, and will be enforceable by any holder of 1996A Bonds or any beneficial owner of the 1996A Bonds. Such holders' and beneficial owners' right to enforce the provisions of this undertaking are limited to a right to obtain specific enforcement of the City's obligations with respect thereto.

The provisions of the undertaking with respect to the Rule described above may be amended, without the consent of the holders of the 1996A Bonds or any beneficial owners of the 1996A Bonds, to the extent required or permitted by the Rule or any amendment to the Rule becoming effective after the date hereof.

UNDERWRITING

Wheat First Securities, Inc., (the "Underwriter") has agreed, subject to certain conditions, to purchase the 1996A Bonds from the City at an aggregate discount of $_____ from the initial public offering prices set forth on the cover page of this Official Statement. The obligation of the Underwriter to purchase the 1996A Bonds is subject to certain terms and conditions set forth in the purchase contract entered into between the Underwriter and the City. The Bonds may be offered and sold to certain dealers, banks, and others at prices lower than the initial offering prices, and such initial public offering prices may be changed, from time to time, by the Underwriter.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the 1996A Bonds by the City are subject to the approval of Vaughan & Withrow, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the same form set forth in Appendix D. Certain legal matters will be passed upon for the City by J. Timothy Poore, City Attorney, Williamson, West Virginia, for the Utility Board, by Ronald J. Rumora, Esquire, Board Attorney, Williamson, West Virginia, and for the Underwriter by its Counsel, Bowles Rice McDavid Graff & Love, Charleston, West Virginia.

Bond Counsel has not been retained to participate in the preparation or review of this Official Statement and has not assumed any responsibility with respect thereto or undertaken independently to verify and

information contained herein, except that such firm has reviewed the information describing the 1996A Bonds under the headings "DESCRIPTION OF THE 1996A BONDS", "ADDITIONAL SECURITY FOR THE 1996A BONDS" and "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" in this Official Statement to verify that such information conforms to the provisions of the Bond Ordinance.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the 1996A Bonds.

Copies of the Ordinance, the Supplemental Resolution, the Escrow Agreement and other applicable documents may be obtained from the City at the following address:

The City of Williamson
City Building
Williamson, West Virginia 25661

or, during the period of offering the 1996A Bonds, from the Underwriters. This Official Statement has been duly approved by the City of Williamson.

THE CITY OF WILLIAMSON, WEST VIRGINIA
By: /s/_____
Mayor

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Ratings: (AMBAC Insured)
Fitch: AAA
Standard & Poor's: AAA

New Issue—Full Book Entry

In the opinion of Bond Counsel, interest on the Waterworks and Sewer System Refunding Revenue Bonds, Series 1996A (the "1996A Bonds") is excludable from the gross income of the owners thereof for Federal Income Tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 as amended (the "Code") and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for the purposes of computing the alternative minimum tax. In addition, under the Act, the 1996A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof (See "Tax Exemption" herein).

$1,840,000
The City of Williamson, West Virginia
Waterworks and Sewer System
Revenue Refunding Bonds
Series 1996A

Dated: October 1, 1996 **Due: October 1, as shown below**

The 1996A Bonds will be issued in fully registered form only and, when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 1996A Bonds. Individual purchases will be made in book-entry form only in the principal amount of five thousand dollars ($5,000) or integral multiples thereof. Purchasers of the 1996A Bonds will not receive certificates representing their interests in the 1996A Bonds. See "DESCRIPTION OF THE 1996A BONDS—Book-Entry Only System" herein.

The 1996A Bonds will be issued, together with other funds available therefor, for the purpose of advance refunding $1,347,489 outstanding of $1,402,664 Sewer Revenue Bonds, Series 1986 issued by the City on behalf of the Utility Board thereof for the purpose of acquiring and constructing a wastewater collection and treatment system (the "System"), to fund a reserve account, and to pay certain costs of issuance and other related costs (see "FINANCING PLAN" herein).

The City has designated the 1996A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. In the opinion of Bond Counsel, the 1996A Bonds are "qualified tax-exempt obligations," and the provision of the code which disallows the deductibility of all interest expense payable by financial institutions on debt incurred or continued to purchase or carry most tax-exempt obligations does not apply to the 1996A Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the 1996A Bonds will be deductible for federal income tax purposes.

Interest on the 1996A Bonds will accrue from October 1, 1996, and will be payable April 1, 1997 and semiannually thereafter (each April 1 and October 1) in each year to maturity. The principal of and interest on the 1996A Bonds are payable by the Paying Agent to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the 1996A Bonds, as described herein. Bank One, West Virginia, National Association, Charleston, West Virginia, shall be the paying agent for the 1996A Bonds.

The 1996A Bonds are subject to optional and mandatory redemption as more fully described herein (see "DESCRIPTION OF THE 1996A BONDS" herein).

Payment of the principal of and interest on the 1996A Bonds when due will be insured by a municipal bond insurance policy to be issued by AMBAC Indemnity Corporation simultaneously with the delivery of the 1996A Bonds.

AMBAC
INDEMNITY CORPORATION

THE 1996A BONDS ARE PAYABLE SOLELY FROM AND SECURED BY A SHARED SECOND AND JUNIOR LIEN ON THE NET REVENUE DERIVED FROM THE OPERATION OF THE SYSTEM, AND DO NOT CONSTITUTE A DEBT OR GENERAL OBLIGATION OF THE CITY of WILLIAMSON, WEST VIRGINIA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS OR LIMITATIONS.

AMOUNTS, MATURITY SCHEDULES AND INTEREST RATES

Amount	Year	Interest Rate	Price	Amount	Year	Interest Rate	Price
$30,000	1997	3.80%	100%	$40,000	2004	4.90%	100%
30,000	1998	4.10%	100%	40,000	2005	5.00%	100%
30,000	1999	4.30%	100%	45,000	2006	5.10%	100%
35,000	2000	4.45%	100%	45,000	2007	5.25%	100%
35,000	2001	4.55%	100%	50,000	2008	5.30%	100%
35,000	2002	4.70%	100%	50,000	2009	5.40%	100%
40,000	2003	4.80%	100%	55,000	2010	5.45%	100%

$1,280,000—5.50% Term Bonds Due 2025—Price 96.49%
(accrued interest to be added)

The 1996A Bonds are offered when, as and if issued and received, subject to the approval of their legality by Vaughan & Withrow, Charleston, West Virginia, Bond Counsel, and to certain other conditions. Certain legal matters will be passed on for the City by J. Timothy Poore, Williamson, West Virginia, City Attorney, for the Utility Board by Ronald J. Rumora, Esquire, Williamson, West Virginia, Board Attorney, and for the Underwriters by Bowles Rice McDavid Graff & Love, Charleston, West Virginia, Counsel to the Underwriter. It is expected that the 1996A Bonds will be available for delivery at DTC, in New York, New York on or about November 7, 1996.

WHEAT FIRST BUTCHER SINGER

Dated: October 21, 1996

THE CITY OF WILLIAMSON, WEST VIRGINIA

MAYOR

Sam G. Kapourales

COUNCIL

Estil L. Bevins
Robert Alexander
James Maynard
James Vanzant

CITY ADMINISTRATION

J. Timothy Poore—City Attorney
Frances K. Frye—City Clerk

UTILITY BOARD

J. Brooks Lawson, Jr.—Chairman
Clarence H. Mitchell—Vice Chairman
Charles Smith—Secretary/Treasurer
Douglas Jackson—Member
Billy B. Hatfield—Member

UTILITY BOARD ADMINISTRATION

Earl Duba—Superintendent
Richard D. Ailiff, Jr.—Assistant Superintendant
Claudine Ailiff—Office Manager
Ronald J. Rumora—Board Attorney

BOND COUNSEL

Vaughan & Withrow
Charleston, West Virginia

UNDERWRITER

Wheat First Butcher Singer
Charleston, West Virginia

The 1996A Bonds are exempt from registration under the Securities Act of 1933. As obligations of a political subdivision of the State of West Virginia, the 1996A Bonds are also exempt from registration under the securities laws of West Virginia. No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there by any sale of the 1996A Bonds by any person in any jurisdiction in which it is unlawful to such person to make such offer, solicitation or sale. The information and expressions of opinion herein have been obtained from the City, the Utility Board and other sources deemed to be reliable, but are not guaranteed as to accuracy or completeness by, and are not to be construed to be representations of, the Underwriters. The information herein is subject to change wihtout notice. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City, the Utility Board or the System since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 1996A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$1,840,000

THE CITY OF WILLIAMSON, WEST VIRGINIA

Waterworks and Sewer System Revenue Refunding Bonds

Series 1996A

October 21, 1996

INTRODUCTION

The purpose of this Official Statement, including the cover page and the Appendices hereto, is to furnish information in connection with the issuance by The City of Williamson, West Virginia (the "City"), of $1,840,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A (the "1996A Bonds"). The 1996A Bonds are issued and secured in accordance with Article 20 of Chapter 8 (the "Act") of the West Virginia Code 1931, as amended (the "Act"), and pursuant to the provision of an Ordinance enacted by the Council of The City of Williamson, West Virginia (the "City Council"), on June 13, 1996, as supplemented by a Supplemental Resolution adopted on October 21, 1996 (collectively "1996 Ordinance").

The proceeds of the sale of the 1996A Bonds, together with other funds available therefor, will be used to advance refund the outstanding The City of Williamson Waterworks and Sewer Revenue Bonds, Series 1986A Bonds, dated May 28, 1986, issued in the original amount of $1,402,664 and currently outstanding in the principal amount of $1,347,489 (the "Refunded Bonds"), fund a reserve account for the 1996A Bonds and pay costs of issuance of the 1996A Bonds and related costs.

Upon issuance, a portion of the proceeds of the 1996A Bonds will be irrevocably deposited with Bank One, West Virginia, National Association, Charleston, West Virginia (the "Escrow Agent"). The proceeds of the 1996A Bonds so deposited will be used to purchase United States Government Obligations.

The acquisition and construction of the System was financed in part by the proceeds of prior bond and note issues of the City, including $2,200,000 in original principal amount of Waterworks and Sewer Revenue Bonds of 1979 (the "1979 Bonds"), which are secured by a first lien on the net revenues of the System; $1,402,664 in original principal amount of Waterworks and Sewer Revenue Bonds, Series 1986A (the "Refunded Bonds") which are secured by a first lien on the net revenues of the System; $698,295 in original principal amount of Waterworks and Sewer Revenue Bonds, Series 1986B (the "1986 Series B Bonds"), which are secured by a second and junior lien on the net revenues of the System; and $1,800,000 in original principal amount of Waterworks and Sewer Revenue Bonds, Series 1986C (the "1986 Series C Bonds"), which are secured by a first lien on the net revenues of the System.

The 1979 Bonds are currently outstanding in the aggregate principal amount of $1,863,919, the Refunded Bonds are currently outstanding in the aggregate principal amount of $1,347,489, the 1986 Series B Bonds are currently outstanding in the aggregate principal amount of $551,285, and the 1986 Series C Bonds are currently outstanding in the aggregate principal amount of $1,593,151.

After the issuance of the Series 1996A Bonds, the 1979 Bonds and the 1986 Series C Bonds will be secured by a shared first lien on the net revenues of the System, and the 1986 Series B Bonds and the 1996A Bonds will be secured by a shared second and junior lien on the net revenues of the System.

The Refunded Bonds were sold pursuant to a loan agreement with the West Virginia Water Development Authority ("WDA"). In April of 1991, pursuant to a refunding of the WDA's outstanding 1985 Series B Bonds, the WDA, as permitted by the terms of its agreement with the City, extended the call date of its loan to the City which was being paid by the Refunded Bonds to November 1, 2001 at a call price of 102%. See "Estimated Sources and Uses of Funds", herein.

The 1996A Bonds are payable from and secured by a shared second and junior lien on the Net Revenues, as defined in the Bond Ordinance, derived from the System, and from funds on deposit in the Sinking Fund. The 1996A Bonds do not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, and the City shall not be obligated to pay the 1996A Bonds or any premium or the interest thereon except from such Net Revenues and such funds on deposit. Pursuant to the Bond Ordinance, the City has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the system and the services rendered thereby as will always produce Net Revenues, equal to at least 125% of the maximum annual amount required to pay the principal of and interest on the 1996A Bonds and any bonds superior or parity therewith, in each Fiscal Year. See "ADDITIONAL SECURITY FOR THE 1996A BONDS - Rate Covenant". The payment of the principal or redemption price of and interest on the Refunded Bonds will be made as described hereinafter under the heading "FINANCING PLAN".

The City may issue additional bonds on a parity with the 1996A Bonds for the purpose of (i) financing the cost of the construction or acquisition of additions, improvements and betterments to the System, (ii) refunding all or a portion of one or more series of bonds issued pursuant to the Ordinance, (iii) to pay claims which may exist against the revenues or facilities of the System, or (iv) all of such purposes, subject, in each ease, to certain tests and conditions provided for by the Ordinance (the 1996A Bonds and any such additional parity bonds are hereinafter referred to as the "Bonds"). See "ADDITIONAL SECURITY FOR THE SERIES 1996A BONDS - Parity Bonds".

Brief descriptions of the 1996A Bonds, the Ordinance, the Utility Board, the System, financial operations, the Escrow Agreement, the City and certain provisions of the Act are set forth in this Official Statement as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, provisions of the Act, or other applicable references herein to the Ordinance, provisions of the Act, or other applicable laws of the State are qualified in their entirety by reference to each such document. References herein to the 1996A Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents.

FINANCING PLAN

The 1996A Bonds are being issued for the primary purpose of refunding, in advance of the maturity thereof, the Refunded Bonds, which are presently outstanding in the aggregate principal amount of $1,347,489. The refunding is being undertaken to effect a savings in aggregate debt service for the City. The moneys and securities required to refund the Refunded Bonds will be deposited in or credited to a special and irrevocable trust fund designated "The City of Williamson Waterworks and Sewer System Revenue Refunding Bonds, 1996A Bonds Escrow Fund" (the "Escrow Fund") created under an Escrow Agreement (the "Escrow Agreement"), among the City, the West Virginia Munieipal Bond Commission (the "Commission") and the Escrow Agent. The Escrow Fund is to be held by the Escrow Agent in trust for the payment of the Refunded Bonds and for the benefit of the holders thereof.

Pursuant to the Supplemental Resolution and in accordance with the Escrow Agreement, the City has elected to redeem on October 1, 2001, prior to their maturity $1,289,864 in aggregate principal amount of the Refunded Bonds maturing on and after October 1, 2002. Concurrently with the delivery of the 1996A Bonds, the City shall apply such funds from the proceeds of sale of the 1996A Bonds, together with other funds available therefor, to the purchase of certain Government Obligations as defined under "SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE -Definitions". The maturing principal of and interest on the Government Obligations, credited to and deposited in the Escrow Fund, together with any initial cash deposited therein, will be sufficient to pay (1) the principal of the Refunded Bonds as the same become due and payable, (2) the redemption price of 113.48% of $1,289,864 in aggregate principal amount of Refunded Bonds maturing on and after October 1, 2002, at the optional redemption thereof on October 1, 2001, and (3) the interest on the Refunded Bonds as the same comes due to maturity or prior redemption thereof.

The Escrow Agent will disburse from the Escrow Fund to the paying agent for the Refunded Bonds such amounts as shall be necessary to pay the Refunded Bonds and the interest thereon when due, whether by maturity, mandatory sinking fund redemption or optional redemption, as described above. The Escrow Agent will cause to be given notice of the call for redemption prior to maturity of the Refunded Bonds designated for prior redemption on October 1, 2001, as described above, and will disburse from the Escrow Fund to the designated paying agent for the Refunded Bonds such amounts as shall be necessary to pay the redemption price thereof on October I, 2001.

Upon the deposit of the Government Obligations and cash into the Escrow Fund for the Refunded Bonds, the 1996A Bonds will be secured by the Bond Ordinance with a shared second and junior lien on the Net Revenues of the System.

Estimated Sources and Uses of Funds

Sources of Funds		
Principal Amount of 1996A Bonds	$1,840,000.00	
Moneys Available from the City (1)	192,524.89	
Accrued Interest	9,774.00	
Total Sources of Funds		$2,042,298.89
Uses of Funds		
Escrow Fund (2)	$1,714,345.00	
Reserve Account Requirement (3)	129,875.00	
Underwriters' Discount	44,160.00	
Costs of Issuance (4)	99,216.89	
Accrued Interest	9,774.00	
Original Issue Discount	44,928.00	
Total Uses of Funds		$2,042,298.89

(1) Moneys held by the West Virginia Municipal Bond Commission in the sinking fund created under the Refunded Bond legislation.

(2) The amount set forth in the Escrow Agreement as required, together with the income thereon, to effect the refunding of the Refunded Bonds as described above.

(3) An amount equal to the maximum amount of principal and interest which will come due on the 1996A Bonds in any fiscal year.

(4) Includes a one-time bond insurance premium to AMBAC.

DESCRIPTION OF THE 1996A BONDS

The City will issue $1,840,000 principal amount of the 1996A Bonds. The Bonds will be issued pursuant to the Ordinance. The proceeds of the 1996A Bonds will be used, together with other monies available to the City, to accomplish an advanced refunding of the Refunded Bonds.

The 1996A Bonds are available in book-entry form only. See "Book-Entry Only System" below. So long as Cede & Co. is the registered owner of the 1996A Bonds as nominee of The Depository Trust Company, New York, New York, references herein to the Bondholders or registered owners of the 1996A Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the 1996A Bonds. Bank One, West Virginia, National Association, Charleston, West Virginia, shall be the Paying Agent and the Registrar for the 1996A Bonds.

The principal and interest on the 1996A Bonds are secured by a shared second and junior lien on the Net Revenues of the System as more fully described in "FINANCING PLAN".

The principal of, premium, if any, and interest on the 1996A Bonds will be payable at the office of the Paying Agent.

The 1996A Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. Interest on the 1996A Bonds is payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by Bank One, West Virginia, National Association, Charleston, West Virginia, as registrar (the "Registrar"), for the registration and transfer of bonds (the "Register") as of the fifteenth (15th) day of the month preceding such interest payment date or, in the event of a default in the payment of the 1996A Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date (the "Record Date") or, if requested, in the case of such an owner of $1,000,000 or more in principal amount of 1996A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to the Record Date by such owner. Principal of and premium, if any, on the 1996A Bonds is payable to the owner thereof upon surrender thereof at the principal corporate trust department office of the Registrar, as paying agent (the "Paying Agent").

The 1996A Bonds will be dated October 1, 1996. The Bonds will bear interest at the rates and mature in the amounts set forth on the cover page of this Official Statement. The 1996A Bonds will be issued in fully registered form.

Optional Redemption

The 1996A Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the City, the 1996A Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

Mandatory Redemption

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Bond Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

Year	Principal Amount	Year	Principal Amount
2011	$ 55,000	2019	$ 90,000
2012	60,000	2020	90,000
2013	65,000	2021	95,000
2014	65,000	2022	105,000
2015	70,000	2023	110,000
2016	75,000	2024	115,000
2017	80,000	2025	120,000*
2018	85,000		

*Final Maturity

Notice of Redemption

The Registrar shall cause notice of any redemption of Bonds to be mailed by first class mail to the Owners of all Bonds to be redeemed at the addresses thereof appearing in the Registration Books. Each such notice shall (i) be mailed not more than 60 days nor less than 30 days prior to the redemption date, (ii) identify the 1996A Bonds to be redeemed (specifying the CUSIP numbers, if any, assigned to the 1996A Bonds), (iii) specify the redemption date and the Redemption Price, and (iv) state that on the redemption date the 1996A Bonds called for redemption will be payable at the principal corporate trust office of the Paying Agent, that from that date the 1996A Bonds called for redemption will be deemed to be paid, and interest will cease to accrue, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds for which notice was properly given.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, and it successor, will act as securities depository for the 1996A Bonds. The 1996A Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's Partnership nominee). One fully-registered 1996A Bonds Certificate for each maturity will be issued, in the aggregate principal amount of such issue, and will be deposited with DTC.

So long as DTC or its nominee is the registered owner of the 1996A Bonds, payment of the principal of and interest on the 1996A Bonds will be payable directly to DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need of physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of 1996A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each 1996A Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 1996A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 1996A Bonds, except in the event that use of the book-entry system for the 1996A Bonds is discontinued.

To facilitate subsequent transfers, all 1996A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of 1996A Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 1996A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 1996A Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. if less than all of the 1996A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be determined.

Neither DTC nor Cede & Co. will consent or vote with respect to 1996A Bonds. Under its usual procedure, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 1996A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 1996A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal and interest to DTC is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 1996A Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, 1996A Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (Or a successor securities depository). In the event 1996A Bond Certificates will be printed and delivered.

The information concerning DTC and DTC's book-entry system set forth above was obtained from DTC. Neither the City nor the Underwriters make any representation or warranty regarding the accuracy or completeness hereof.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE CITY SHALL TREAT CEDE & CO. AS THE ONLY BONDHOLDER FOR ALL PURPOSES UNDER THE BOND ORDINANCE, INCLUDING RECEIPT OF ALL PRINCIPAL AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE CITY AND PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER SUCH BOND ORDINANCE. THE CITY AND THE PAYING AGENT HAVE NO RESPONSIBILITY OR OBLIGATION

TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (B) THE PAYMENT BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND ORDINANCE TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Issuance of Additional Parity Bonds

As set forth in the Ordinance, the City may issue additional bonds ("Additional Bonds") equally and ratably secured with the 1996A Bonds to pay the cost of further extensions and improvements to the System upon certain terms and conditions as more fully described in the subsection entitled "Issuance of Other Obligations Payable from Revenues and General Covenant Against Encumbrances" in the section herein entitled "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE". The 1996A Bonds and any Additional Bonds which may be issued by the City are hereinafter collectively referred to as the "Bonds".

Authorization for Issuance

The 1996A Bonds are being issued pursuant to the Act and the 1996 Ordinance. The Act authorizes the issuance of refunding bonds of the City to pay or discharge all or any part of its outstanding revenue bonds including interest thereon. The issuance of revenue bonds by the City is not required by the Act or any other statute to be submitted to referendum for approval.

BOND INSURANCE

Payment Pursuant to Municipal Bond Insurance Policy

AMBAC Indemnity has made a commitment to issue a municipal bond insurance policy (the "Municipal Bond Insurance Policy") relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Municipal Bond Insurance Policy, AMBAC Indemnity will pay to the United States Trust Company of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Municipal Bond Insurance Policy). AMBAC Indemnity will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which AMBAC Indemnity shall have received notice of Nonpayment from the Trustee/Paying Agent. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by AMBAC Indemnity.

The Municipal Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, AMBAC Indemnity will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee/Paying Agent has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available.

The Municipal Bond Insurance Policy does not insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Municipal Bond Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.

2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Municipal Bond Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of AMBAC Indemnity to the extent of the payment under the Municipal Bond Insurance Policy. Payment of interest pursuant to the Municipal Bond Insurance Policy requires proof of the Bondholder entitlement to interest payments and an appropriate assignment of the Bondholder's right to payment to AMBAC Indemnity.

Upon payment of the insurance benefits, AMBAC Indemnity will become the owner of the Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Bond and will be fully subrogated to the surrendering Bondholder's rights to payment.

AMBAC Indemnity Corporation

AMBAC Indemnity Corporation ("AMBAC Indemnity") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately $2,505,000,000 (unaudited) and statutory capital of approximately $1,384,000,000 (unaudited) as of June 30, 1996. Statutory capital consists of AMBAC Indemnity's policyholders' surplus and statutory contingency reserve. AMBAC Indemnity is a wholly owned subsidiary of AMBAC Inc., a 100% publicly-held company. Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. and Fitch Investors Services, L.P. have each assigned a triple-A claims-paying ability rating to AMBAC Indemnity.

AMBAC Indemnity has entered into pro rata reinsurance agreements under which a percentage of the insurance underwritten pursuant to certain municipal bond insurance programs of AMBAC Indemnity has been and will be assumed by a number of foreign and domestic unaffiliated reinsurers.

AMBAC Indemnity has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by AMBAC Indemnity will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by AMBAC Indemnity under policy provisions substantially identical to those contained in its municipal bond insurance

policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer of the Bonds.

AMBAC Indemnity makes no representation regarding the 1996A Bonds or the advisability of investing in the 1996A Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by AMBAC Indemnity and presented under the heading "Bond Insurance."

Available Information

The parent company of AMBAC Indemnity, AMBAC Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. (the "NYSE") at 20 Broad Street, New York, New York 10005. The Company's Common Stock is listed on the NYSE.

Copies of AMBAC Indemnity's financial statements prepared in accordance with statutory accounting standards are available from AMBAC Indemnity. The address of AMBAC's Indemnity's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York, 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Commission (File No. 1-10777) are incorporated by reference in this Official Statement.

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 and filed on April 1, 1996;

(2) The Company's Current Report on Form 8-K dated January 31, 1996 and filed on February 28, 1996;

(3) The Company's Current Report on Form 8-K dated March 13, 1996 and filed on March 14, 1996;

(4) The Company's Current Report on Form 8-K/A, First Amendment to Current Report on Form 8-K dated March 13, 1996 and filed on March 15, 1996;

(5) The Company's Quarterly Report on Form 10-Q for the period ended March 31, 1996 and filed on May 15, 1996; and

(6) The Company's Quarterly Report on Form 10-Q for the period ended June 30, 1996 and filed on August 14, 1996.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "**AVAILABLE INFORMATION**".

ADDITIONAL SECURITY FOR THE 1996A BONDS

Following the issuance of the 1996A Bonds and the defeasance of the Refunded Bonds the 1996A Bonds will have a shared second and junior lien position on the Net Revenues of the System.

Upon the deposit of the Government Obligations and cash into the escrow fund for the Refunded Bonds, the pledge of the net revenues, Refunded Bonds proceeds and other moneys and securities pledged under the 1986 Ordinance will be discharged and satisfied therefrom, the 1996A Bonds will be secured by the Bond Ordinance with a shared second and junior lien on the Net Revenues of the System. No lien is or may be created on any physical property of the System, but the Bond Ordinance and the Act provide, among other remedies, that upon default a receiver may be appointed to operate the System.

Neither the full faith and credit, nor the taxing power of the City, nor any funds other than the Net Revenues of the System, are pledged to the payment of the 1996A Bonds, and the 1996A Bonds do not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provision or limitation.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with a State banking corporation or national banking association selected by the Utility Board (the "Depository Bank"), for disposition in the following order of priority (except as described below):

(1) First, each month, to pay the current Operating Expenses of the System;

(2) Pay such amounts as are required to be paid on the 1979 Bonds and the 1986 Series C Bonds;

(3) Thereafter from the moneys in the Revenue Fund to make the following deposits in the Sinking Fund simultaneously and pro rata with the payments required for the 1986 Series B Bonds and the Refunded Bonds (and after the defeasance of the Refunded Bonds, the payments required for the 1996A Bonds):

(a) On the first (1st) day of each month, beginning seven (7) months prior to the first (1st) interest payment date, one-sixth (1/6) of the amount of interest payable on the next ensuing semiannual interest payment date shall be deposited;

(b) On the first (1st) day of each month beginning thirteen (13) months prior to the first (1st) principal payment date or mandatory redemption date, one-twelfth (1/12) of the amount of principal which will mature or be redeemed shall be deposited;

(c) As may be required any fiscal charges for paying principal and interest on the 1996A Bonds.

(4) Then from the moneys remaining in the Revenue Fund, the City shall next, each month, pay into the Reserve Account an amount necessary to make up any deficiency in the 1996A Bonds Reserve Account

Requirement resulting from (i) the valuation of investments in the 1996A Bonds Reserve Account which results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of the 1996A Bonds Reserve Account is less than the 1996A Bonds Reserve Account Requirement, or (ii) withdrawals from the 1996A Bonds Reserve Account for deposit into the Sinking Fund, beginning with the first full calendar month following the event described in either clause (i) or (ii) above. Provided, that in no event shall the amount deposited into the 1996A Bonds Reserve Account in any month be less than, in the event the deficiency in the 1996A Bonds Reserve Account Requirement is due to a decrease in the Value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in the 1996A Bonds Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the 1996A Bonds Reserve Account as described in clause (ii) above (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the 1996A Bonds Reserve Account shall have been made equal to the 1996A Bonds Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the 1996A Bonds Reserve Account whenever and as long as the amount deposited therein (including any 1996A Bonds Reserve Account Credit Facility) shall be equal to the 1996A Bonds Reserve Account Requirement;

(5) Thereafter on the first (1st) day of each month the City is required to place a sum equal to two and one-half percent (2-1/2%) of Gross Revenues (less amounts deposited to the 1996A Bonds Reserve Account) in the Renewal and Replacement Fund;

(6) After the required and provided transfers and payments have been made, the balance of the net revenues of the System may be transferred to the Sinking Fund or used by the City for additions to, or for any other lawful purpose related to, the System, after the establishment of certain additional reserves as described in more detail in the subsection entitled "Application of Revenues" in the section herein entitled "Summary of Certain Provisions of the Bond Ordinance".

Rate Covenant

The City covenants to charge and collect rates and charges for the use of and for the services provided by the System as will produce revenues sufficient to pay the expenses of operating, maintaining and repairing the System and leave a balance each year equal to at least one hundred twenty-five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, as the same become due and accomplish retirement of all Bonds for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. An increase in rates by the City is subject to review and modification by the Public Service Commission of West Virginia if an aggrieved customer files with the Commission a petition signed by at least twenty-five percent (25%) of the customers of the System within thirty (30) days of the adoption of the Bond Ordinance providing for the increase (see the section herein entitled "Rates and Charges"). The City also covenants in the Bond Ordinance that it will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of West Virginia and will segregate the revenue therefrom and make application thereof as provided in the Bond Ordinance.

Parity Obligations

The Bond Ordinance provides that as long as any of the 1996A Bonds remain outstanding no other bonds or other obligations may be issued or incurred having a priority or preference over the 1996A Bonds with respect to the net revenues of the System. The Bond Ordinance provides, however, that the City may, upon satisfying certain conditions as described in the subsection entitled "Issuance of Other Obligations Payable Out

of Revenues and General Covenant Against Encumbrances" in the section herein entitled "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE", issue Additional Bonds payable from and secured by the net revenues of the System on a parity with the 1996A Bonds.

Enforcement of Collections

The City covenants in the Ordinance to diligently enforce and collect all fees, rates, 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, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State. Under the Act, as hereinafter defined, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

The City further covenants and agrees that it will, subject to applicable State law and regulations, and under such reasonable rules and regulations as may be prescribed by the Public Service Commission of West Virginia and the City, discontinue sewer services to all delinquent users of sewer services and will not restore such services until all delinquent amounts, plus reasonable interest and penalty charges for the restoration of service, have been fully paid. (See "THE SYSTEM - Customer Statistics").

Mandatory Connection

The City covenants that, within the geographic limits of the City and subject to State laws and regulations, every owner, tenant or occupant of every house, dwelling or building located near the System, shall connect with the System and shall thereupon and thereafter refrain from using and shall cease to use all other means for the collection, treatment and disposal of sewage or waste matter and shall pay all charges, fees and rates lawfully provided for use of the System.

Within the geographic limits of the City and subject to applicable State laws and regulations, any such building or structure from which emanates sewage or water-borne waste matter and is not so connected with the System is declared and found by the Ordinance to be a hazard to the health, safety, comfort and welfare of the inhabitants of the City 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.

THE SYSTEM

Water and Sewerage Service

The System, pursuant to statute, is under the custody, supervision, control, administration, maintenance and operation of the Utility Board (the "Utility Board"), The Utility Board provides water service through a plant currently pumping approximately 2,500,000 gallons per day and operates a sewage collection and treatment system with a treatment plant of approximately 1,038,000 gallons per day capacity and about 22 miles of sewer lines. The System is valued at approximately Fourteen Million Five Hundred Thousand Dollars ($14,500,000). The water system serves the entire City and certain outlying areas. The sewerage system covers approximately seventy-five percent (75%) of the City as well as South Williamson, Kentucky with a total population of approximately four thousand two hundred (4,200) and a customer count of approximately 2,040. Certain facilities of the base System were constructed through funds provided from the sale of revenue bonds including the Refunded Bonds which were issued in the original amount of One Million Four Hundred Two Thousand Six Hundred and Sixty-four Dollars ($1,402,664) of which $1,347,489 are outstanding as of

September, 1996. These Bonds are payable from user charges which provide the requisite net revenues for payment of these and other revenue bonds. See "Introduction".

Organization and Administration

The System is a municipally owned public water and sewer utility operated in accordance with the Act and the rules and regulations of the Public Service Commission of West Virginia (the "PSC"). The Utility Board was created by the City by an ordinance passed in 1979 to acquire, construct, equip, operate and maintain a water gathering and distribution system and a sewage collection and disposal system. The Utility Board serves as the policy making body for the System. The Utility Board consists of three members, with the Mayor of the City as ex-officio chairman. Two (2) other members are appointed by City Council to staggered three (3) year terms. During any period of construction, one member must be a Registered Professional Engineer. Under the Act, the City Council retains the authority to establish and maintain rates and charges for the use of services provided by the Utility Board and to issue bonds on behalf of the City for the purpose of paying the costs of improvements and extensions to the System.

The present membership of the Utility Board is as follows:

J. Brooks Lawson, Jr. ..... Chairman
Term Expires December 31, 1997

Clarence H. Mitchell ..... Vice Chairman
Term Expires December 31,1996

Charles Smith ..... Member
Term Expires December 31, 1996

Douglas Jackson ..... Member
Term Expires December 31, 1996

Billy B. Hatfield ..... Member
Term Expires December 31,2000

The Utility Board operates through three (3) divisions: Administration, Plant and Collection System Operation and Maintenance. In addition to the general manager and staff engineer, the Utility Board employs a staff of twenty (20) full-time employees and has an annual budget in excess of $1,800,000.

Certain administrative staff members and professionals are employed or retained by the Utility Board as follows:

Earl Duba, Superintendent, of the Utility Board, has served in this position since 1993.

Richard D. Ailiff, Jr. ..... Assistant Superintendent

Claudine Ailiff ..... Office Manager

Ronald J. Rumora ..... Board Attorney

Service Area

The City is located in the southwestern part of Mingo County, West Virginia, approximately ninety (90) miles southeast of Charleston, the State Capitol and contiguous to the West Virginia-Kentucky border.

The System presently serves the area that comprises Williamson and certain unincorporated areas, including a portion of the South Williamson, Kentucky and Nolan, West Virginia, as well as to providing services to certain local public service districts.

The Utility Board has provided water service to Chatteroy Public Service District ("Chatteroy PSD") since January 1, 1984. Chatteroy PSD is located about two miles down the Tug Fork Valley from Williamson. Water is provided in bulk to them and the district is treated as a customer of the Utility Board. Chatteroy PSD serves 406 customers.

The Utility Board also provides water in bulk to the small community of Nolan, West Virginia, which is about five miles below Williamson within the Tug Fork Valley. The community is also a customer of the Utility Board. Nolan serves 218 customers.

Water is also provided in bulk to Mountain Water Public Service District across the Tug Fork in Kentucky. Mountain Water serves 3600 customers.

Two 6 inch water lines provide service to the Appalachian Plaza and the Appalachian Regional Hospital across the Tug Fork in Kentucky. Sewerage service is also provided to Appalachian Plaza and the Appalachian Regional Hospital and each is treated as a separate water and sewerage customer of the Utility Board.

Existing Facilities

The Williamson sewerage system was begun in 1960. The City has storm, sanitary and combined sewers. Sewer construction has taken place to a greater or lesser degree continuously since 1987.

A primary sewage treatment plant was built in 1964, improvements were made in 1987, and converted to an activated sludge plant in 1987.

There are approximately twenty-two (22) miles of sewer lines in the City.

The City's water system collects, treats and distributes potable water to residential, commercial and industrial customers within the service area from its water treatment plant designed to pump 2,800,000 gallons per day with a capacity of up to 4,200,000 gallons per day.

The water system is supplied by a gravity feed pump which draws raw water from the aquifer underlying the Tug Fork and deposits it in the plant's wet-wells. Once in the plant's wet-wells the raw water is treated through a chemical process that involves mixing, settling and filtering of the potable water. Average daily consumption is currently about 2,500,000 gallons per day.

Other raw materials necessary for the production of potable water include chemicals and electric power supply. Chemicals are purchased through annual contracts with reliable suppliers. The Utility Board has encountered no difficulties in obtaining adequate chemicals. The required electrical energy is furnished through the system of Appalachian Power Company. While short electrical interruptions are sometimes experienced, these interruptions have not created any serious problems for the Utility Board.

Customers

The Utility Board's average number of customers for the fiscal years ending June 30, 1990 through 1995 are as follows:

Year	Number of Customers
1991	1649
1992	1643
1993	1639
1994	1633
1995	1626
1996	2041

Customer totals have increased by three hundred ninety-two (392) from 1991 to 1995. The Board's service area extends outside the corporate limits of Williamson.

The following table sets forth the major sewer customers of the City for the fiscal year ended June 30, 1996:

Major Customers	Gallons (000)	June 30, 1996 Revenue	% of Total Utility Board Operating Revenues
Mingo Manor	5,288	$19,694.78	.91%
Southside Mall	12,267	29,644.56	1.36%
Housing Authority	5,527	23,225.66	1.07%
Mingo County Board of Education	3,482	25,466.12	1.17%
Super 8 Motel	1,940	5,625.49	.26%
Williamson Towers	1,632	7,336.36	.34%
Virginia Apartments	824	3,800.01	.18%
Mingo County Courthouse Complex	2,498	12,205.58	.56%
L.S.R. Realty	1,823	9,259.76	.43%
Major Industrial Customers			
N & S Railway	10,237	43,817.13	2.02%
Appalachian Regional Hospital	59,229	243,594.02	11.21%
Williamson Memorial Hospital	8,517	34,886.43	1.61%

RATES AND CHARGES

Since May 1, 1987, charges, for most customers of the System, are calculated as follows:

For water inside the corporate limits of Williamson:

up to	3,000 gallons water used per month	$	10.20 per month
4,000 to	20,000 gallons water used per month	$	2.50 per thousand gal.
next	30,000 gallons water used per month	$	2.35 per thousand gal.
next	50,000 gallons water used per month	$	2.25 per thousand gal.
next	100,000 gallons water used per month	$	2.15 per thousand gal.

No bill will be rendered for less than the following amounts, according to the size of the meter installed:

¾	inch meter or less	$	10.20 per month
1	inch meter or less	$	26.10 per month
1-½	inch meter or less	$	58.75 per month
2	inch meter or less	$	104.75 per month
3	inch meter or less	$	235.00 per month
4	inch meter or less	$	433.85 per month
6	inch meter or less	$	940.05 per month
8	inch meter or less	$	1,671.17 per month

For sewage inside the corporate limits of Williamson:

first	20,000 gallons water used per month	$	3.41 per thousand gal.
next	30,000 gallons water used per month	$	2.37 per thousand gal.
next	50,000 gallons water used per month	$	2.04 per thousand gal.
next	100,000 gallons water used per month	$	1.63 per thousand gal.

For water outside the corporate limits of Williamson:

up to	4,000 gallons water used per month	$	15.08 per month
4,000 to	20,000 gallons water used per month	$	3.77 per thousand gal.
next	30,000 gallons water used per month	$	2.98 per thousand gal.
next	50,000 gallons water used per month	$	2.75 per thousand gal.
next	90,000 gallons water used per month	$	2.65 per thousand gal.
over	100,000 gallons water used per month	$	2.50 per thousand gal.

For sewage outside the corporate limits of Williamson:

First	20,000 gallons water used per month	$	3.82 per thousand gal.
Next	30,000 gallons water used per month		3.04 per thousand gal.
Next	50,000 gallons water used per month		2.67 per thousand gal.
Over	900,000 gallons water used per month		2.30 per thousand gal.
Over	1,000,000 gallons water used per month		1.89 per thousand gal.

The minimum monthly charge for these customers is $10.24 per month.

For sewage that contains industrial waste. The charge for the treatment of industrial waste will be calculated on the basis of the following formula:

$$Ci=VoVi+BoBi+SoSi$$

When an industrial user is to be served, a preliminary study of its waste, and the cost of transport and treatment thereof is made. Waste containing materials which in the judgment of the Utility Board should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefor, based upon the formula set out above.

Thereafter, industrial sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of Utility Board records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the industrial user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each industrial user, or refund given by the Utility Board, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

Minimum Charge: The charge of Ten Dollars and Twenty-Four Cents ($10.24) shall be the minimum for each month or fraction thereof for customers located within the corporate limits of Williamson. If for any reason there be no record of the amount of water supplied in any month, then the charge shall be based upon the last available monthly meter reading or if there is no water meter, the customer shall be charged based upon three thousand (3,000) gallons per occupant but in no event less than the monthly minimum charge.

Charges for service, if not paid when due, shall constitute a lien upon the property served. Charges not paid within thirty (30) days of their due date, plus a ten (10%) penalty, may be recovered by civil action and the lien may be foreclosed against the delinquent property.

The Utility Board estimates that a typical household uses approximately five thousand (5,000) gallons of water per month resulting in a sewer bill of Seventeen Dollars and Five Cents ($17.05) per month.

Pursuant to Section 16 of the Act, the governing body of a municipality is empowered to establish and maintain just and equitable rates and charges for the use of its municipal sewer system and to change such rates from time to time. Such rates and charges are required to be sufficient in each year for the payment of the expense of operation, repair, replacements and maintenance of the sewer system and for payments required to be made into a sinking fund on account of any outstanding bonds. Rates and charges shall be established by the Bond Ordinance, but only after the Ordinance has been advertised and a public hearing has been held. Any change in the schedule of rates and charges may be made in the same manner, except that a substantially pro rata adjustment of rates and charges with respect to each class of service shall not require advertisement or a public hearing.

Rates charged by municipally operated utilities in West Virginia generally are not subject to regulatory approval. Section 24-2-4b of the West Virginia Code provides that rates and charges established by municipally operated utilities shall be just, reasonable, applied without unjust discrimination and based primarily on the costs of providing service. Rates and charges set by such utilities must be filed with the PSC. Any customer of a municipality operated utility aggrieved by a rate change may, however, within thirty (30) days of the adoption of the Bond Ordinance providing for the change, present to the PSC a petition signed by not less than twenty-five (25%) percent of the customers served by the utility. Upon the filing of such a petition the rate increase is suspended for one hundred twenty (120) days or until an order is issued as described below and the PSC is required to appoint from its staff a hearing examiner to review the grievances raised and to conduct a public hearing. Within one hundred twenty (120) days from the filing of the petition the hearing examiner shall issue an order approving, disapproving or modifying the rate increase. Such order shall have the full force and effect of an order issued by the PSC. In addition, if a municipally operated utility serves customers outside the boundaries of the municipality and the rates charged such customers are different from those charged customers within the municipality's boundaries, the PSC is empowered to review and approve or order changes in such rates if, within thirty (30) days of the effective date of the Ordinance providing for such different rates, customers located outside the municipality's boundaries allege that such rates are discriminatory and request a review of such rates by the PSC. The PSC may determine the method by which such rates are reviewed and may grant and conduct a second hearing on the matter if the customer of the municipality requests such a hearing.

Consequently, delays in increasing rates or reductions of such higher rates could occur if such rates are challenged. Although the current rates are adequate to pay the debt service on the 1996A Bonds, in the future, any such delay or reduction in proposed rates would adversely affect the City's ability to pay principal and interest on Bonds.

Billing and Collections

Billing and collecting is performed by the Utility Board using monthly water meter readings.

The bills are due on the 20th day from the date the bills are rendered. After the 20th day a delayed payment penalty of ten percent (10%) is applied to unpaid accounts.

Delinquent customers are permitted to make arrangements for payment of the delinquent amount over several months. A condition to this arrangement is that current charges must be paid promptly. These delinquent customers who default on the late payment arrangements or fail to make any arrangements are subject to termination of water services until all past due charges are paid.

As of June 30, 1996, the Utility Board had $1,355,423.40 in accounts receivable.

Summary of Accounts Receivable

Year Ended June 30	Operating Revenues	Total Accounts Receivable
1991	$ 1,652,822	$ 586,210.00
1992	$ 1,719,107	$ 699,075.00
1993	$ 1,806,645	$ 882,987.00
1994	$ 1,809,810	$ 1,001,948.00
1995	$ 2,064,134	$ 333,563.00
1996	$ 2,172,902	$ 1,355,423.40*

Source: Compiled by the Utility Board from the annual audit report of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal years ended June 30, 1991 through 1994 and Somerville and Company, Certified Public Accountants, Huntington, West Virginia, for the fiscal year ended 1995 and the compiled financial statements of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal year ended June 30, 1996.

*Includes balance due from Mountain Water Public Service District.

The City has covenanted to diligently enforce and collect all fees and charges as described in "Summary of Certain Provisions of the Ordinance -- General Covenants -- Enforcement of Collections" herein. The City has taken steps to enforce collections.

Method of Accounting

The Utility Board maintains its accounts on an accrual basis and in accordance with the guidelines of the PSC and generally accepted accounting principles. Vallet and Associates, Logan, West Virginia, Certified Public Accountants audited the Utility Board for the fiscal years ended June 30, 1991 through 1994.

Somerville and Associates, Huntington, West Virginia, Certified Public Accountants audited the Utility Board for the fiscal year ended June 30, 1995.

Public Employees Retirement System

The Board elected to participate in the West Virginia Public Employees Retirement System (the "Retirement System"), a state-wide system comprised of the State of West Virginia and such of its political subdivisions as elect to participate.

Annuity benefits under the Retirement System are financed through employer and member contributions and investment earnings on such contributions. The Utility Board is obligated as an employer to contribute monthly to the Retirement System an amount equal to 9.5 percent of its employee payroll for the preceding month. The following table summarizes the contributions made by the Utility Board to the Retirement System during each of the past five fiscal years.

Retirement System Contributions

	1991	1992	1993	1994	1995	1996
Employees Covered	20	19	19	21	21	20
Contribution Rate	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Contributions	$39,674	$39,150	$39,591	$45,198	$45,721	$46,612

Source: Compiled by the Utility Board from the annual audit report of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal years ended June 30, 1991 through 1994 and Somerville and Company, Certified Public Accountants, Huntington, West Virginia, for the fiscal year ended 1995 and the compiled financial statements of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal year ended June 30, 1996.

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Summary of Revenues, Expenses and Debt Service Coverage Ratios

The following table presents a summary of the historical revenues, expenses and debt service coverage ratios for the fiscal years ended June 30, 1991 through 1995, based on audited financial reports. A summary for the fiscal year ended June 30, 1996 is presented based on an unaudited financial report.

	Fiscal Years ended June 30					Fiscal Year ended June 30, 1996*
	1991	1992	1993	1994	1995	
Gross Revenue:						
Operating	$1,652,822	$1,719,107	$1,806,645	$1,809,810	$2,064,134	$2,172,902
Non-Operating	79,452	92,613	67,855	73,868	79,489	29,146
Total:	$1,732,274	$1,811,720	$1,874,500	$1,883,678	$2,143,623	$2,202,048
Operating Expenses:**	1,048,079	989,666	1,039,916	1,350,622	1,280,869	1,305,661
Revenues Available For Debt Service	$684,195	$822,054	$834,584	$533,056	$862,754	$896,387
Debt Service Requirement:	$421,450	$421,450	$421,450	$421,450	$421,450	$421,450
Debt Coverage Ratio:	1.62X	1.95X	1.98X	1.26X	2.05X	2.13X

*unaudited
**Does not include depreciation expense.

Source: Compiled by the Utility Board from the annual audit report of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal years ended June 30, 1991 through 1994 and Somerville and Company, Certified Public Accountants, Huntington, West Virginia, for the fiscal year ended 1995 and the compiled financial statements of Vallet and Associates, Certified Public Accountants, Logan, West Virginia, for the fiscal year ended June 30, 1996.

Management Discussion of Financial Results

For the audited fiscal years ended June 30, 1991 through 1995, the Board's operating expenses increased 22% while gross revenues increased 24%. During this same period, Debt Service Coverage Ratios grew from 1.62X to 2.05X. The Utility Board's debt coverage ratio for the fiscal year ended June 30, 1996, based on the unaudited financial statements was 2.13X. The Utility Board has maintained sufficient revenues to meet the current required minimum debt service coverage ratio of 1.15X.

Two items were charged against retained earnings for the fiscal year ended June 30, 1995. The Utility Board charged $248,533 of uncollectible accounts receivable to retained earnings during the fiscal year ended June 30, 1995. This action was taken in accordance with an agreement between Chatteroy Public Service District ("Chatteroy"), a customer of the System and the Utility Board whereby the Board would forgive Chatteroy's past due account is Chatteroy paid the Board at current rates for water and sewer usage. Chatteroy has been paying according to the terms of the agreement.

Additionally, the Board's allowance for doubtful accounts was increased in the amount of $665,300 through an adjustment to retained earnings as a result of a large prior period overdue balance on accounts receivable that were due from Mountain Water Public Service District. Similar to Chatteroy, Mountain Water has not been paying for services from the City at the rate set by the Board. Mountain Water was to begin paying the current rate plus a portion of the arreage, but no formal agreement has been reached to date.

BANKRUPTCY

The United States Bankruptcy Code permits political subdivisions that are insolvent or unable to meet their debts to file a petition for relief in Federal Bankruptcy Courts if authorized by state law. Although no West Virginia legislation currently authorizes such a filing, future legislation may permit the City to undertake bankruptcy proceedings.

Bankruptcy proceedings by the City could have additional adverse effects on Bondholders, including (a) delay in the enforcement of Bondholders' remedies, (b) subordination of the Bondholders' liens to claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without the consent of all Bondholders to a reorganization plan reducing or delaying payment on the 1996A Bonds. The Bankruptcy code contains provisions intended to insure that, in any reorganization plan not accepted by the holders of at least a majority in aggregate principal amount of the 1996A Bonds, Bondholders will have the benefit of their original liens or the "indubitable equivalent". The effect of these and other new provisions of the Bankruptcy Code cannot be predicted with any certainty and may be significantly affected by judicial interpretation.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the City, threatened or affecting the City (or, to the City's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the validity of the 1996A Bonds, the Bond Ordinance, the Supplemental Resolution, the Escrow Agreement or any agreements to which the City is a party and which is a part of the issuance of the 1996A Bonds.

LANDLORD LIENS

The City of Williamson is currently engaged in litigation involving whether recent statutory changes prevent it from collecting delinquent charges from the owners of tenant-occupied property. This litigation does not involve the possibility of any liability for the Williamson Utility Board but rather it seeks to challenge the possible elimination of an entire class to whom the Utility Board looked for payment of its sewer charges.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the 1996A Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See "THE 1996A BONDS - General".

VERIFICATION OF MATHEMATICAL COMPUTATIONS

KPMG Peat Marwick, LLP, Houston, Texas, independent certified public accountants, will verify (a) certain mathematical computations as to the sufficiency of the Government Securities, other securities and cash deposited into the Escrow Fund to pay when due on the date designated for prior redemption, the principal of, interest on, and prior redemption premiums due in connection with the Refunded Bonds designated for prior redemption, and the principal of and interest on the remaining Refunded Bonds to their maturities, and (b) as to the yield on the 1996A Bonds and on the Government Obligations purchased with proceeds of the 1996A Bonds and deposited into the Escrow Fund. Such verifications will be based upon information supplied to KPMG Peat Marwick, LLP by representatives of the Underwriters.

FINANCIAL STATEMENTS

Included in Appendix C are the audited financial statements of the Utility Board as of and for the fiscal year ended June 30, 1995 and the report thereon dated May 1, 1996 of Somerville and Company independent certified public accountants. Such audited statements have been included herein in reliance upon the report of such accounts as experts in auditing and accounting. Also included in Appendix C are the unaudited financial statements of the Utility Board as of and for the fiscal year ended June 30, 1996, compiled by Vallet and Associates, independent certified public accountants.

TAX EXEMPTION

Vaughan & Withrow, Bond Counsel is of the opinion that, under existing statutes and court decisions, interest on the 1996A Bonds is excludable from the gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item for purposes of the Code, and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax. In its approving opinion, Bond Counsel expresses no opinion regarding other tax consequences arising with respect to the 1996A Bonds.

The City has designated the 1996A Bonds as "qualified tax-exempt obligations" and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds) during the calendar year 1996. Therefore, the 1996A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or carry most tax-exempt obligations does not apply to the 1996A Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the 1996A Bonds is deductible for federal income tax purposes.

In addition, under the Act, the 1996A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the 1996A Bonds in order that interest on the 1996A Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include provisions which prescribe yield and other

limits relative to the investment and expenditure of the proceeds of the 1996A Bonds and other amounts and require that certain earnings be rebated to the Federal government. The City will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Noncompliance with such requirements may cause interest on the 1996A Bonds to become includable in gross income for Federal Income Tax purposes retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance is ascertained.

TAX TREATMENT OF ORIGINAL ISSUE DISCOUNT

The 1996A Bonds due in the year 2025 (the "OID Bonds") are offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity over the "issue price" of the OID Bonds. The issue price of the OID Bonds is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the OID Bonds of the same maturity is sold pursuant to that amount of the OID Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of an OID Bond over the period of its maturity based on the constant interest rate method, compounded semiannually. With respect to a purchaser of an OID Bond, the portion of the OID that accrues during the period such purchaser owns the OID Bond (i) is interest excludable from that purchaser's gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above and (ii) is added to that purchaser's tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of the OID Bond. Thus, an owner who purchases an OID Bond in the initial public offering at its issue price and holds such OID Bond to its stated maturity will realize no taxable gain for federal income tax purposes upon payment of the stated redemption price of the OID Bond at maturity. The portion of the amount of OID that accrues each year to a corporate owner of an OID Bond is taken into account in computing the corporation's federal alternative minimum tax liability and federal environmental tax liability, although no corresponding cash payment will be received with respect to an OID Bond until its stated maturity or early redemption prior to stated maturity.

Owners of the OID Bonds (including owners that purchase an OID Bond other than pursuant to the initial public offering) should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID properly accruable each year with respect to the OID Bonds, the adjusted basis of the OID Bonds for purposes of determining taxable gain or loss upon the sale or other disposition of the OID Bonds (including sale, redemption or other disposition of the OID Bonds at maturity) and as to other federal tax consequences and any state and local tax aspects of owning the OID Bonds.

RATINGS

Standard and Poor's Corporation and Fitch Investors Service, Inc. have assigned each series of the 1996A Bonds the ratings of "AAA" and "AAA", respectively, subject to the issuance by AMBAC Indemnity Corporation of the Municipal Bond Issue Insurance Policy relating to the 1996A Bonds. Such ratings reflect only the respective views of such rating agencies and an explanation of the significance of a rating may be obtained only from the rating agency furnishing the same. There is no assurance that such ratings will be maintained for any given period of time or that they will not be revised downward or withdrawn entirely by any or all such rating agencies, if in the judgment of any such rating agency, circumstances so warrant. Any such downward revision or withdrawal of all or any such ratings may have an adverse effect on the market price of the 1996A Bonds.

CONTINUOUS DISCLOSURE

The City has agreed, in accordance with the provisions of Rule 15c2-12 (the "Rule"), adopted by the Securities and Exchange Commission (the "Commission") under the Securities and Exchange Act of 1934, to provide to each nationally recognized municipal securities information repository ("NRMSIR") and to the appropriate state information depository ("SID"), if any, for the State of West Virginia, in each fiscal year, the following annual financial information and operating data (commencing with the fiscal year ended June 30, 1997):

1. a copy of the annual financial statements of the City prepared in accordance with generally accepted accounting principles and audited by a certified public accountant; and

2. an update of the information in the Official Statement contained beneath the headings and subheadings "THE SYSTEM - SEWER SYSTEM, - SERVICE AREA, - CUSTOMERS" and "RATES AND CHARGES - BILLINGS AND COLLECTIONS".

The City has reserved the right to modify from time to time the specific types of information provided and the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City provided that, the City has agreed that any such modification will be done in a manner consistent with the Rule. The City, may, at its option, satisfy this obligation by providing an official statement for one or more series of bonds of the City or by specific reference, in accordance with the Rule, to one or more official statements provided previously.

The City has agreed to provide, in a timely manner, to (i) each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB") and (ii) the SID, if any, notice of the occurrence of any of the following events with respect to the 1996A Bonds if, material:

1. principal and interest payment delinquencies,

2. non-payment related defaults,

3. unscheduled draws on debt service reserves reflecting financial difficulties,

4. unscheduled draws on credit enhancements, if any, reflecting financial difficulties,

5. substitution of credit or liquidity providers, if any, or their failure to perform,

6. adverse tax opinions or events affecting the tax-exempt status of the 1996A Bonds,

7. modifications to right to Bondholders,

8. bond calls,

9. defeasances,

10. release, substitution, or sale of property securing repayment of the 1996A Bonds or

11. rating changes.

In a timely manner, the City will give to each NRMSIR or to the MSRB, and to the SID, if any, notice of any failure by the City to provide any information described in the first two paragraphs under this heading on or before the dates specified therein.

The City has reserved the right to terminate its obligation to provide financial information and notices of material events, as described above, if and when the System no longer remains an obligated person with respect to the 1996A Bonds within the meaning of the Rule.

The City has agreed that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders or beneficial owners of the 1996A Bonds, and will be enforceable by any holder of 1996A Bonds or any beneficial owner of the 1996A Bonds. Such holders' and beneficial owners' right to enforce the provisions of this undertaking are limited to a right to obtain specific enforcement of the City's obligations with respect thereto.

The provisions of the undertaking with respect to the Rule described above may be amended, without the consent of the holders of the 1996A Bonds or any beneficial owners of the 1996A Bonds, to the extent required or permitted by the Rule or any amendment to the Rule becoming effective after the date hereof.

UNDERWRITING

Wheat First Securities, Inc., (the "Underwriter") has agreed, subject to certain conditions, to purchase the 1996A Bonds from the City at an aggregate discount of $44,160 from the initial public offering prices set forth on the cover page of this Official Statement. The obligation of the Underwriter to purchase the 1996A Bonds is subject to certain terms and conditions set forth in the purchase contract entered into between the Underwriter and the City. The Bonds may be offered and sold to certain dealers, banks, and others at prices lower than the initial offering prices, and such initial public offering prices may be changed, from time to time, by the Underwriter.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the 1996A Bonds by the City are subject to the approval of Vaughan & Withrow, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the same form set forth in Appendix D. Certain legal matters will be passed upon for the City by J. Timothy Poore, City Attorney, Williamson, West Virginia, for the Utility Board, by Ronald J. Rumora, Esquire, Board Attorney, Williamson, West Virginia, and for the Underwriter by its Counsel, Bowles Rice McDavid Graff & Love, Charleston, West Virginia.

Bond Counsel has not been retained to participate in the preparation or review of this Official Statement and has not assumed any responsibility with respect thereto or undertaken independently to verify and information contained herein, except that such firm has reviewed the information describing the 1996A Bonds under the headings "DESCRIPTION OF THE 1996A BONDS", "ADDITIONAL SECURITY FOR THE 1996A BONDS" and "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE" in this Official Statement to verify that such information conforms to the provisions of the Bond Ordinance.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the 1996A Bonds.

Copies of the Ordinance, the Supplemental Resolution, the Escrow Agreement and other applicable documents may be obtained from the City at the following address:

The City of Williamson
City Building
Williamson, West Virginia 25661

or, during the period of offering the 1996A Bonds, from the Underwriters. This Official Statement has been duly approved by the City of Williamson.

THE CITY OF WILLIAMSON, WEST VIRGINIA
By: /s/ Sam G. Kapourales
Mayor

APPENDIX A

THE CITY OF WILLIAMSON

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THE CITY OF WILLIAMSON

Introduction

The City of Williamson is located in the southwestern section of Mingo County, West Virginia, in the Tug Fork Valley. As of 1990, Williamson had a population of 4,154, based on the 1990 U.S. Census. Williamson's economic base is built on mining, timber, manufacturing, railway service, and the service industry.

Williamson is the county seat of Mingo County and is approximately 275 miles from Pittsburgh, PA; 200 miles from Columbus, OH; 250 miles from Charlotte, NC; 200 miles from Knoxville, TN; and 150 miles from Lexington, KY.

Due to advancements in technology, mine-related jobs declined and as a result Williamson's population declined during the 1980s. Williamson's population has since begun to stabilize. Population trends are shown below under the heading of "Census Information". The population of Mingo County according to 1990 U.S. Census reports was 33,739.

Census Information

The 1990 U.S. Census indicates the City had a population of 4,154 as compared to the 1980 U.S. Census report of 5,219, a 20.4% decline. Historical statistics are summarized as follows:

1990	1980	1970
4,154	5,219	5,831

Source: United States Department of Labor, Bureau of the Census.

Government

Williamson was established through a legislative charter enacted in 1905 which provides for a mayor-council form of government. Elected officials are the mayor, and members of the Williamson City Council for each of the four (4) wards of the City. In addition, Williamson has certain appointed and hired officials including the city clerk, chief of police, chief of the fire department, and street department superintendent.

The mayor is the chief executive officer of the City, the presiding officer and a voting member of council. The mayor, with the consent of council, has the right of appointment and removal of the city clerk, chief of police, chief of the fire department, and street department superintendent.

Current City Financial Status

Williamson began fiscal year 1996 with a surplus of approximately $302,431 in its general revenue fund. During fiscal year 1996, the City's general revenues exceeded expenditures by approximately $330,206, thereby increasing the general fund surplus to $632,637 at fiscal year end. The City expects to have general revenues in excess of expenditures for fiscal year ending June 30, 1997. The Bonds, however, are payable solely from and secured by the net revenues derived from the operation of the Utility Board and not from any revenues of the general fund or any other revenues of the City.

Economic and Related Data

Williamson's employment and business structure primarily involves the railroad industry, timber, mining, health care, banking and finance, insurance and real estate, and county and city government.

The relative strength of the area's economic base is reflected by the following table which includes information for Mingo County, West Virginia. Average non-farm employment by industry in Mingo County in calendar year 1995 and preliminary estimates for July, 1996, include the following:

	Number of Jobs	
Category	Calendar Year 1995	Month of July, 1996*
Goods Producing	**3,700**	**3,340**
Mining	2,988	2,870
Construction	405	180
Manufacturing	307	290
Service Producing	**5,841**	**6,180**
Transportation and Public Utilities	868	1,150
Trade - Wholesale and Retail	1,370	1,290
Finance, Insurance and Real Estate	346	370
Services and Health	1,628	1,840
Government		
Federal	109	110
State and Local	1,520	1,420
Total Non-Farm Employment	**9,541**	**9,520**

*Monthly estimate is preliminary and subject to revision.
Source: West Virginia Bureau of Employment Programs
Labor and Economic Research

The five (5) largest employers in the Williamson area are:

Employer	Product/Service
Mingo County Board of Education	Education
A. T. Massey Coal Company	Coal Mining
Norfolk Southern Railway	Rail Transportation
Appalachian Regional Hospital	Health Care
Mingo County Government	Government

Source: Region II Planning and Development Council

Recreation and Culture

The Williamson area offers four public libraries containing approximately 50,000 volumes with an annual circulation of 74,000; two public auditoriums, a music association, scouting organizations with camping facilities, the Tug Valley Arts Council, one private golf course, five public playgrounds, three outdoor swimming pools, three lighted football stadiums seating 5,500, a lighted baseball park seating 4,000, a lighted regulation Little League baseball park seating 2,500, and two bowling centers.

Additionally, the area offers four motels with 237 rooms, twenty-nine restaurants, one five screen theater and a shopping mall. Cabwaylingo State Forest and Laurel Creek Wildlife Management Area are located to the north of Williamson and Chief Logan State Park and the R. D. Bailey Lake and Widelife Management Area are to the northeast and east respectively of the City.

There is one daily newspaper published in Williamson and circulated in the area and two daily newspapers are received from surrounding areas.

Transportation

Freight service is provided by four motor lines. With the exception of a ten mile section, Corridor G of the Appalachian Highway System is complete from Williamson to Charleston, the state's capital 90 miles away. Corridor G (U.S. Route 119) intersects U.S. Route 52 in Williamson. U.S. 119 continues to Pikeville, KY to the southwest. U.S. 52 connects Williamson with Huntington, WV to the northwest and Bluefield, WV to the southeast. Rail service is provided by a mainline of Norfolk Southern Railway.

The nearest commercial airports are Tri-State Airport located near Huntington, WV, approximately 80 miles away and Yeager Airport in Charleston, 90 miles away. Tri-State Airport is served by US Air Express and Comair/Delta. Yeager Airport is service by US Air/US Air Express, United Express, Atlantic Southeast, Comair and Northwest Airlink.

A general service mountaintop airport with a runway of 3,000 feet is located in Williamson.

Financial Services

There are five banks with offices in the Williamson area. These institutions are listed below:

The Bank of Mingo
Bank One West Virginia, N.A.
The First National Bank
Matewan National Bank
Pikeville National Bank and Trust Company

Health Care

There are two hospitals in the Williamson area. Williamson Memorial Hospital is located in Williamson and has 76 licensed beds and Appalachian Regional Hospital is located in South Williamson, Kentucky and has 173 licensed beds.

Education

Public schools in West Virginia are on the county-unit system, with a non-partisan Board of Education, whose five (5) members are elected to overlapping four (4) year terms. Mingo County had a 1995-1996 enrollment in kindergarten through grade twelve (12) of 6,559. The Mingo County School System has a total operating budget for fiscal year 1995-1996 of $39,480,080. The school system has an administrative and teaching staff of 955. There are ten (10) elementary schools, six (6) junior/middle schools, five high schools, one (1) adult education vocational center, and a fleet of 77 buses.

The Southern West Virginia Community College maintains a campus in Williamson. The College has other campuses located in Logan and Madison, with a combined enrollment of 3,100. Courses are offered to provide two years of credit in the fields of the arts and sciences, applied science, and teaching. Students may earn an associate in arts degree by following the applicable approved two (2) year program.

The closest four year schools are Marshall University in Huntington, WV approximately 80 miles away, The University of Charleston in Charleston, WV about 90 miles from Williamson and West Virginia State College in Institute, WV approximately 100 miles away.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

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EXHIBIT B

SUMMARY OF CERTAIN PROVISIONS
OF THE BOND ORDINANCE

The following is a summary of certain terms, provision and covenants of the Bond Ordinance. This summary makes use of the terms defined in the Bond Ordinance, certain of which are defined in "Definitions" which follows. This summary is not to be considered a full statement of the terms of the Bond Ordinance, and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

Definitions

The following terms shall have the following meanings in this Ordinance unless the context expressly required otherwise:

"Act" shall mean Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

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

Authorized Officer" shall mean the Mayor of the City or any other officer of the City specifically designated by resolution of the City Council.

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

"Bond Register" shall mean the books of the City maintained by the Registrar for the registration and transfer of the Bonds.

"Bonds" shall mean the City of Williamson Waterworks and Sewer Revenue Refunding Bonds, Series 1996 A Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

"Bond Year" shall mean the twelve 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.

"Certificate of Authentication and Registration" shall mean the Certificate of Authentication and Registration on the Series 1996 A Bonds, substantially in the form set forth herein.

"City" shall mean The City of Williamson, a municipal corporation of the State of West Virginia, and, where appropriate, the City Council and/or Utility Board of the City.

"City Clerk" shall mean the Clerk or Recorder of the City.

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

"Closing Date" shall mean the date or dates upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

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

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

"Consulting Engineers" shall mean a firm of registered professional engineers selected by the Board to provide consulting services with respect to the acquisition and construction of additions, improvements and betterments to the System.

"Costs of Issuance" shall mean those costs of issuing Bonds, including, but not limited to, legal, accounting, fiscal agent fees and expenses and other fees and expenses in connection therewith.

"Costs of Issuance Account" shall mean the account of that name created pursuant to Section 5.02 hereof.

"Depository Bank" shall mean the bank or banks to be designated as such in the Supplemental Resolution.

"DTC" shall mean The Depository Trust Company, New York, New York.

"DTC Eligible" shall mean Bonds meeting the qualifications prescribed by The Depository Trust Company, New York, New York.

"Escrow Agreement" shall mean the separate agreement between the City, the Commission and an escrow trustee, substantially in the form of the agreement attached hereto as Exhibit B and by this reference made a part hereof, relating to the refunding or defeasance of the 1986 Series A Bonds.

"Escrow Fund" shall mean the fund created by Paragraph 2 of the Escrow Agreement.

"Event of Default" shall mean any occurrence or events specified in Section 7.01 hereof.

"FDIC" shall mean the Federal Deposit Insurance Corporation or any successor to the function of the FDIC.

"Fiscal Year" shall mean each twelve month period beginning on July 1 and ending on the succeeding June 30.

"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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Independent Accountants" shall mean any certified public accountant or firm of certified public accountants which shall be retained by the City as independent accountants for the System.

"Mayor" means the Mayor of the City.

"Net Proceeds" shall mean the face amount of the Bonds, plus accrued interest or premium, if any, less Original Issue Discount, if any, and less proceeds deposited in the Reserve Account, if any.

"Net Revenues" shall mean Revenues less Operating Expenses.

"Operating Expenses," unless qualified, shall mean the current expenses, paid or accrued, of repair, operation and maintenance of the System (excluding depreciation) and includes, without limiting the generality of the foregoing, insurance premiums, supplies, labor, wages, the cost of materials and supplies used for current operations, administrative expenses of the City or the Utility Board relating and chargeable to the System and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting practices.

"Original Purchaser" shall mean that investment banking firm or other entity designated as such in a Supplemental Resolution.

"Outstanding" when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond
canceled by the Registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.05; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the City.

"Participant" shall mean the person or entity registered as such with the Depository Trust Company.

"Paying Agent" shall mean an Paying agent for the Bonds appointed by a resolution supplemental hereto.

"Prior Bonds" or "1986 Series A Bonds" shall mean the City's Sewer Revenue Bonds, Series 1986 A, dated May 28, 1986, issued in the original principal amount of $1,402,664 and currently outstanding in the principal amount of $1,356,132.

"Prior Bonds Redemption Date" shall mean the date or dates established by a Supplemental Resolution for the redemption of the Prior Bonds.

"Prior Ordinance" shall mean the Ordinance enacted by the City Council on April 24, 1986, as amended and supplemented, authorizing the issuance of the Prior Bonds.

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

"Qualified Investments" shall mean and include any of the following:

(a) Government Obligations;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

Export - Import Bank
Farmers Home Administration
General Services Administration
U. S. Maritime Administration
Small Business Administration
Government National Mortgage Association (GNMA)
U. S. Department of Housing & Urban Development (PHA's)
Federal Housing Administration;

(c) bonds notes or other evidences of indebtedness rated "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's Investor Services, Inc., issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(d) U. S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investor Services, Inc. and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(e) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investor Services, Inc. and which matures not more than 270 days after the date of purchase;

(f) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's Corporation; and

(g) pre-refunded municipal obligations defined as follows:

> Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on the escrow, in the highest rating category of Standard & Poor's Corporation and Moody's Investor Services, Inc. or any successors thereto; or (B)(i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (a) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

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

"Redemption Price" shall mean such amount as is established in a Resolution supplemental hereto.

"Refunding Bonds" or "Series 1996 A Bonds" shall mean the Waterworks and Sewer Refunding Revenue Bonds, Series 1996 A, of the City originally authorized to be issued pursuant to this Ordinance.

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Bonds, and any successor thereto.

"Regulations" shall mean temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1986, as amended.

"Renewal and Replacement Fund" shall mean the fund created by Section 4.01 hereof.

"Representation Letter" shall mean the Letter Agreement among the City, DTC and the Paying Agent.

"1996 Series A Bonds Reserve Account" shall mean the account in the Sinking Fund, as hereinafter defined, created by Section 4.01 hereof.

"Reserve Account Requirement" shall mean the maximum amount of principal and interest which will mature and come due on the Bonds in the then current or any succeeding Fiscal Year.

"Revenue Fund" shall mean the fund created by Section 4.01 hereof.

"Revenues" shall mean all rates, rents, fees, charges or other income received by or accrued to the Utility Board from the operation of the System, as calculated in accordance with generally accepted accounting practices.

"Sinking Fund" shall mean the fund created by Section 4.01 hereof.

"Supplemental Resolution" shall mean any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 1996 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" shall mean the complete existing combined waterworks and sewerage system now owned by the City, both within and without the corporate limits of the City, consisting of a water treatment plant, pumps, distribution lines,

sewage treatment plant or plants collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations and ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental to the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes, and shall include any extensions, improvements and betterments thereto hereafter acquired or constructed for said combined waterworks and sewerage system from any sources whatsoever.

"Utility Board" shall mean the Utility Board of the City as now or hereafter constituted or any other agency, department or instrumentality of the City which shall at any time have jurisdiction, possession or control of the System or the management and operation thereof.

"Value," which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times); the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the City in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; and

(c) as to certificates of deposit and bankers acceptances; the face amount thereof, plus accrued interest.

Authorization of Refunding

The refunding and defeasnce of the Prior Bonds and the issuance of the Refunding Bonds is authorized by the Bond Ordinance.

Application of Revenues

So long as any of the Bonds shall be outstanding and unpaid, the City covenants with the holders of the Bonds as follows:

A. The entire Revenues derived from the operation of the System and all parts thereof shall be deposited by the City in a special fund in the Depository Bank, which fund, to be designated the "Waterworks and Sewer System Revenue Fund" (the "Revenue Fund"), is hereby established. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the City and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) Thereafter the City pay such amounts as are required to be paid on account of the 1979 Bonds and the 1986 Series C Bonds, as provided in the ordinances authorizing the issuance of such bonds.

(3) Thereafter, from the moneys in the Revenue Fund, the City shall, on the first day of each month, commencing with and including the first day of that month which is seven months prior to the first interest payment date of the 1996 Series A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in a fund to be known as the "Sinking Fund," which is hereby created and established, a sum equal to one-sixth (1/6) of the amount of interest which will become due on the Bonds on the next ensuing semiannual interest payment date; provided, however, that, in the event the period to elapse between said initial payment date and the next semiannual interest payment date is less than seven (7) months, then such monthly payments shall be increased proportionately to provide the required amount of interest payable on the next semiannual interest payment date one month prior to said date.

The City shall also apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in said Sinking Fund, on the first day of each month, beginning on the first day of that month which is thirteen (13) months prior to the first principal payment date of the 1996 Series A Bonds, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on the 1996 Series A Bonds on the next ensuing principal payment date. The City shall also, at the same time, remit to the Commission for deposit in the Sinking Fund a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on the 1986 Series B Bonds on the next ensuing principal payment date for such bonds.

The City shall also, from the Revenue Fund, remit to the Commission on such dates or at such other times, as the Commission shall require, such additional sums as shall be necessary to pay the fiscal agency charges due for paying the 1996 Series A Bonds and the interest thereon and for paying the 1986 Series B Bonds.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the 1996 Series A Bonds and principal of the 1986 Series B Bonds as the same shall become due.

The City shall not be required to make any further payments into the 1996 Series A Bonds Sinking Fund on account of the Series 1996 A Bonds when the aggregate amount of funds in the 1996 Series A Bonds Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate principal amount of Bonds issued pursuant to this Ordinance then Outstanding, plus the amount of interest due or thereafter to become due on said Bonds then Outstanding.

The City shall not be required to make any further payments into the 1986 Series B Bonds Sinking Fund on account of the 1986 Series B Bonds when the aggregate amount of funds in the 1986 Series B Bonds Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate principal amount of the 1986 Series B Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1996 A Bonds herein authorized are issued, provision shall be made for additional payments into said Sinking Fund sufficient to pay the principal of and interest on such additional parity Bonds and accomplish retirement thereof at or before maturity.

The payments into the Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(4) (a) Then from the moneys remaining in the Revenue Fund, the City shall next, each month, pay into the 1996 Series A Bonds Reserve Account an amount necessary to make up any deficiency in the 1996 Series A Bonds Reserve Account Requirement, resulting from (i) the valuation of investments in the 1996 Series A Bonds Reserve Account which results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of the 1996 Series A Bonds Reserve Account is less than the 1996 Series A Bonds Reserve Account Requirement, or (ii) withdrawals from the 1996 Series A Bonds Reserve Account, for deposit into the Sinking Fund, beginning with the first full calendar month following the event described in either clause (i) or (ii) above. Provided, that in no event shall the amount deposited into the 1996 Series A Bonds Reserve Account in any month be less than, in the event the deficiency in the 1996 Series A Bonds Reserve Account Requirement is due to a decrease in the value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in the 1996 Series A Bonds Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the 1996 Series A Bonds Reserve Account, as described in clause (ii) above (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the 1996 Series A Bonds Reserve Account shall have been made equal to the 1996 Series A Bonds Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the 1996 Series A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the 1996 Series A Bonds Reserve Account Requirement.

(b) At the same time the City shall pay into the 1986 Series B Bonds Reserve Account established for the 1986 Series B Bonds an amount necessary to make up any deficiency in the 1986 Series B Bonds Reserve Account Requirement with respect to the 1986 Series B Bonds, resulting from (i) the valuation of investments in such 1986 Series B Bonds Reserve Account which results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of such 1986 Series B Bonds Reserve Account is less than the 1986 Series B Bonds Reserve Account Requirement for the 1986 Series B Bonds, or (ii) withdrawals from such 1986 Series B Bonds Reserve Account, for deposit into the

Sinking Fund, beginning with the first full calendar month following the event described in either clause (i) or (ii) above. Provided, that in no event shall the amount deposited into the 1986 Series B Bonds Reserve Account for the 1986 Series B Bonds in any month be less than, in the event the deficiency in the 1986 Series B Bonds Reserve Account Requirement is due to a decrease in the value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in such 1986 Series B Bonds Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the 1986 Series B Bonds Reserve Account, as described in clause (ii) above (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the 1986 Series B Bonds Reserve Account shall have been made equal to the 1986 Series B Bonds Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the 1986 Series B Bonds Reserve Account for the 1986 Series B Bonds whenever and as long as the amount deposited therein shall be equal to the 1986 Series B Bonds Reserve Account Requirement for the 1986 Series B Bonds.

(5) Thereafter, from the moneys remaining in said Revenue Fund, the City shall next, on the first day of each month commencing with the first month in which interest shall be payable from the Revenue Fund, remit to the Depository Bank for deposit in a special depreciation account, to be designated the "Renewal and Replacement Fund," which account is hereby established and created, a sum equal to two and one-half percent (2 1/2%) of the Revenues each month, exclusive of any payments for the account of the 1996 Series A Bonds Reserve Account in the Sinking Fund. All funds in said Renewal and Replacement Fund shall be kept apart from all other municipal funds and shall be invested and reinvested, at the direction of the City, in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance and the need for such moneys for the purposes set forth below. So long as the City is making payment into any renewal and replacement fund, depreciation fund or similar fund created with respect to the 1979 Bonds, the 1986 Series C Bonds or the 1986 Series B Bonds, payments into the Renewal and Replacement Fund described above shall not be required.

Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, enlargements, emergency repairs, improvements and extensions to the System; provided, that any deficiency occurring in the Reserve Accounts shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) Whenever all of the required and provided transfers and payments from said Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid for operating expenses and into the Sinking Fund and the Renewal and Replacement Fund during the next succeeding three (3) months, such excess shall be considered as surplus Revenues. Said surplus revenues shall be first used for the acquisition and construction of extensions, improvements and betterments to the System, and, thereafter, to the extent not needed for such purposes, may be used to purchase Bonds upon the open market at not exceeding the then applicable redemption price or to call and redeem the Bonds on the next succeeding interest payment date or for any lawful purpose of the System.

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

B. The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, as provided in Article V hereof, by the City at the times provided herein. All remittances made by the City to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The moneys on deposit in the Revenue Fund and the Renewal and Replacement Fund (unless remitted to the Commission) in excess of the sum insured by the maximum amounts insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of State and municipal funds under the laws of the State of West Virginia.

D. The Commission shall invest the funds which it holds pursuant to this Ordinance, including the 1996 Series A Bonds Reserve Account in the Sinking Fund, to the fullest possible extent so that all moneys shall be invested for the maximum possible period consistent with the tenor hereof.

E. Anything to the contrary herein notwithstanding, when the aggregate sum in the Sinking Fund, including the 1996 Series A Bonds Reserve Account therein, is sufficient to pay and redeem all the Bonds Outstanding and all interest accrued and to accrue thereon and any applicable redemption premiums, the City shall cause all the Bonds to be paid or called and redeemed at the earliest practicable date permitted, pursuant to the provisions hereof as to redemption of Bonds.

Application of the Proceeds of the Bonds

A. All accrued interest received from the Original Purchaser of the Series 1996 A Bonds shall be deposited in the Sinking Fund and used to pay the next maturing interest on the Series 1996 A Bonds.

B. The amount of the Series 1996 A Bond proceeds necessary, together with such funds of the City as are made available by the defeasance of the 1986 Series A Bonds, to refund the Prior Bonds, which amount shall be set forth in the Supplemental Resolution, shall be applied by the City pursuant to the provisions of the Escrow Agreement.

C. The remaining moneys derived from the sale of the Series 1996 A Bonds shall be deposited by the City in the Costs of Issuance Account.

General Covenants

RATES.

Prior to the issuance of the Bonds, just and equitable rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and copies of such rates and charges so fixed and established shall at all times be kept on file in the office of the Utility Board, which will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce gross revenues from said System sufficient to pay operating expenses and to make the prescribed payments into the funds and accounts created or maintained hereunder. Such schedule of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the City hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be at least sufficient to provide for all reasonable operating expenses of the System and leave a balance each year equal to at least one hundred twenty-five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, as the same become due and accomplish retirement of all Bonds for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. To the extent permitted by law, all such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

OPERATION AND MAINTENANCE.

The City will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

SALE OF THE SYSTEM.

The System may be sold, mortgaged, leased, or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Sinking Fund, and the City shall direct the Commission to apply such proceeds to the payment of principal and interest at the maturity of Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the City by the Commission unless necessary for the payment of other obligations of the City payable out of the revenues of the System.

The foregoing provision notwithstanding, the City shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no

longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of ten thousand dollars ($10,000), the Utility Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the City Council may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of ten thousand dollars ($10,000) but not in excess of one hundred thousand dollars ($100,000), the Utility Board shall first, in writing, determine with the written approval of a consulting engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the City Council may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, in excess of ten thousand dollars ($10,000) and not in excess of one hundred thousand dollars ($100,000), shall be remitted by the City to the Commission for deposit in the Sinking Fund and shall be applied only to the redemption of Bonds of the last maturities then Outstanding or to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds. Such payments of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the City if the proceeds to be derived therefrom shall be in excess of one hundred thousand dollars ($100,000) and insufficient to pay or redeem prior to maturity all the Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of Bonds then Outstanding. The City shall prepare the form of such approval and consent for execution by the then Holders of the Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

ISSUANCE OF OTHER OBLIGATIONS PAYABLE OUT OF REVENUE AND GENERAL COVENANT AGAINST ENCUMBRANCES.

The City shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 6.08 hereof, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such Revenues with the Bonds; and all obligations hereafter issued by the City payable from the Revenues of the System, except such additional Bonds shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such Revenues and in all other respects to the Bonds.

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

ADDITIONAL PARITY BONDS.

No additional parity Bonds, as in this Section defined, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, improvements and betterments to the System or refunding the entirety of one or more series of Bonds issued pursuant hereto, or both such purposes.

No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by Independent Accountants, based upon the necessary investigation and certification by a consulting engineer, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such additional parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional parity Bonds, shall not be less than one hundred twenty-five percent (125%) of the maximum annual amount which will mature and become due for principal of and interest in any succeeding year on the following:

(1) The 1979 Bonds then Outstanding;

(2) The 1986 Series C Bonds then Outstanding;

(3) The 1986 Series B Bonds then Outstanding;

(4) The Series 1996 A Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three (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 any increase in rates enacted by the City, the time for appeal of which shall have expired prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in a certificate of a consulting engineer, which shall be filed in the office of the City Clerk prior to the issuance of such additional parity Bonds, adjusted as provided in the following paragraph.

The Net Revenues actually derived from the System during the twelve (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 a consulting engineer and the Independent Accountants as stated in a certificate jointly made and signed by a consulting engineer and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the City, the time for appeal of which shall have expired prior to issuance of such additional parity Bonds.

Not later than simultaneously with the delivery of such additional parity Bonds, the City shall have entered into written contracts for the immediate acquisition or construction of such extensions, improvements and betterments to the System which are to be financed by such additional parity Bonds.

The term "additional parity Bonds," as used in this Section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this Section, payable from the Revenues of the System on a parity with the 1986 Series B Bonds and the Series 1996 A Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the 1986 Series B Bonds and the Series 1996 A Bonds and the Holders of any additional parity Bonds subsequently issued from time to time within the limitations of and in compliance with this Section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Revenues of the System, and their source of and security for payment from said Revenues, without preference of any Bond over any other. The City shall comply fully with all the increased payments into the various funds created in this Ordinance required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "additional parity Bonds," as used in this Section, shall not be deemed to include any 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 Bonds on such revenues. The City shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Bonds except in the manner and under the conditions provided in this Section.

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

The City may issue additional parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and

the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

INSURANCE.

The City will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The City will require that each of its contractors and all subcontractors maintain, during the life of any construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance. In time of war, the City shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in this Ordinance and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The City will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System.

MANDATORY CONNECTIONS.

To the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto.

CONSULTING ENGINEER.

The City will retain a recognized, qualified independent consulting engineer on a biannual basis to supervise generally the operation, maintenance and repair of the System and to report biannually to the City in writing their recommendations and comments as to the System. Such biannual report of a consulting engineer, or a summary thereof, shall be made available at reasonable times to any Bondholder requesting the same.

SERVICES RENDERED TO THE CITY.

The City will not render or cause to be rendered any free services of any nature by its System; and, in the event the City or any department, agency, instrumentality, officer or employee of the City shall avail itself or himself or herself 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 City and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the City shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

ENFORCEMENT OF COLLECTIONS.

The City will diligently enforce and collect all fees, rates, 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, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. To the extent permitted by law, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or a part thereof, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The City further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations Promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off the sewerage services and facilities of the System and in the event the City owns a water facility (the "Water System"), the Water System to all delinquent users of the services and facilities of the System, and will not restore either water or sewerage services of the System or the Water System until all delinquent charges for the service and facilities of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

NO COMPETING FRANCHISE.

To the extent allowed by law, the City will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

BOOKS AND RECORDS.

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

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the City. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the City. The City 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 City shall be reported to the City.

The City shall file with the consulting engineer and the Original Purchaser within 120 days following the end of each Fiscal Year, and shall mail in each year to any Bondholder requesting the same, an annual report containing the following:

A. A statement of Revenues and Operating Expenses from the System.

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Ordinance, and the status of all said funds.

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

OPERATING BUDGET.

The Utility Board shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. 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 consulting 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 Utility Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of a consulting engineer that such increased expenditures are necessary for the continued operation of the System. The Utility Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder who shall file his or her address with the City and request in writing that copies of any such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Bondholder or anyone acting for and in behalf of such Bondholder.

Defaults and Remedies

EVENTS OF DEFAULT.

A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds.

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

(B) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance, the Supplemental Resolution or in the Bonds and such default shall have continued for a period of 30 days after the City shall have been given written notice of such default by the Depository Bank holding any fund or account hereunder or a Registered Owner of a Bond; or

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

REMEDIES.

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

Upon the occurrence of an Event of Default, the Commission may, and shall, at the direction of 51% of the Bondholders, by written notice to the City, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Ordinance or in the Bonds to the contrary notwithstanding.

APPOINTMENT OF RECEIVER.

Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the City under this Ordinance and the Act, including 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 and performing any construction necessary for the System. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice of the City of such default, any Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the City with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts herein provided and the payment of operating expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Bonds issued and authorized pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance 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 Ordinance shall have been cured and made good, possession of the System shall be surrendered to the City upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of Bonds issued pursuant to this Ordinance 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 City and for the joint protection and benefit of the City and Registered Owners of Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the City and Registered Owners, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the City, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the Systems.

Investment of Funds and Accounts

Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the City in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Except as otherwise provided, 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 used for the purpose of such fund or account. The interest accruing thereof and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The determination of the Value of the investments shall be made once a month. The Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. Such Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Restriction as to Arbitrage Bonds

Except as otherwise provided, any investment shall The City covenants that (i) it will restrict the use of the proceeds of the Series 1996 A Bonds in such manner and to such extent as may be necessary, in view of the City's reasonable expectations at the time of issuance of the Series 1996 A Bonds, so that the Series 1996 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and the Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1996 A Bonds) so that the interest on the Series 1996 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Modification or Amendment

No material modification or amendment of this Ordinance or of any Resolution or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the holders of two-thirds (2/3) or more in principal amount of the Bonds then outstanding; provided, however, 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 City to pay such principal and interest out of the revenues of the System without the consent of the Holder thereof. No amendment or modification shall be made which would reduce the percentage or modification of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

Defeasance

If the City shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then the pledge of net revenues and any other moneys and securities pledged under

this Ordinance and all covenants, agreements and other obligations of the City to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay, as and when due, the principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All Bonds shall, prior to the maturity or redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the City shall have given the Commission, in form satisfactory to it, irrevocable instructions to publish as provided herein notice of redemption of such Bonds on said date, (b) there shall have been deposited with the Commission either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Commission at the same or earlier time, shall be sufficient, to pay when due the principal of and redemption premium, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date of maturity date thereof, as the case may be, and an opinion of nationally recognized bond counsel to the effect that such action will not adversely effect the exclusion of the interest on the Bonds from gross income for federal income tax purposes and a verification from an Independent Accountant of the sufficiency of the amounts described in clause (b) for their intended purpose, and (c) in the event said Bonds are not by their terms subject to redemption, or are otherwise not to be redeemed by the City, within the next succeeding sixty (60) days, the City shall have given the Commission in form satisfactory to it irrevocable instructions to publish, as soon as practicable, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Commission and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, interest on, and redemption premium, if applicable, on said Bonds. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations.

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BOOK-ENTRY-ONLY MUNICIPAL BONDS

Letter of Representations

[To be Completed by Issuer and Agent]

The City of Williamson, West Virginia
[Name of Issuer]

Bank One, West Virginia, National Associaton
[Name of Agent]

10-22-96
(Date)

Attention: General Counsel's Office
The Depository Trust Company
55 Water Street; 49th Floor
New York, NY 10041-0099

Re: The City of Williamson, Waterworks and Sewage System Refunding Revenue Bonds, Series 1996 A
(Issue Description)

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the above-referenced issue (the "Bonds"). Agent will act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Bonds. The Bonds will be issued pursuant to a trust indenture, bond resolution, or other such document authorizing the issuance of the Bonds dated June 13 & October 21, 1996 (the "Document"). Wheat First Butcher Singer ("Underwriter") is distributing the Bonds through The Depository Trust Company ("DTC").

To induce DTC to accept the Bonds as eligible for deposit at DTC, and to act in accordance with its Rules with respect to the Bonds, Issuer and Agent, if any, make the following representations to DTC:

B-1319 11/91

1. Prior to closing on the Bonds on November 7, 1996, there shall be deposited with DTC one Bond certificate registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Bonds in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Bonds. If, however, the aggregate principal amount of any maturity exceeds $150 million, one certificate will be issued with respect to each $150 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount. Each $150 million Bond certificate shall bear the following legend:

> Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

2. In the event of any solicitation of consents from or voting by holders of the Bonds, Issuer or Agent shall establish a record date for such purposes (with no provision for revocation of consents or votes by subsequent holders) and shall, to the extent possible, send notice of such record date to DTC not less than 15 calendar days in advance of such record date.

3. In the event of a full or partial redemption or an advance refunding of part of the outstanding Bonds, Issuer or Agent shall send a notice to DTC specifying: (a) the amount of the redemption or refunding; (b) in the case of a refunding, the maturity date(s) established under the refunding; and (c) the date such notice is to be mailed to beneficial owners or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (*e.g.*, legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a manifest or list of each CUSIP submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use of such means and the timeliness of such notice.) The Publication Date shall be not less than 30 days nor more than 60 days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow.

4. In the event of an invitation to tender the Bonds, notice by Issuer or Agent to Bondholders specifying the terms of the tender and the Publication Date of such notice shall be sent to DTC by a secure means in the manner set forth in the preceding Paragraph.

5. All notices and payment advices sent to DTC shall contain the CUSIP number of the Bonds.

6. Notices to DTC pursuant to Paragraph 2 by telecopy shall be sent to DTC's Reorganization Department at (212) 709-6896 or (212) 709-6897, and receipt of such notices shall be confirmed by telephoning (212) 709-6870. Notices to DTC pursuant to Paragraph 2 by mail or by any other means shall be sent to:

Supervisor; Proxy
Reorganization Department
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

7. Notices to DTC pursuant to Paragraph 3 by telecopy shall be sent to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to Paragraph 3 by mail or by any other means shall be sent to:

Call Notification Department
The Depository Trust Company
711 Stewart Avenue
Garden City, NY 11530-4719

8. Notices to DTC pursuant to Paragraph 4 and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be sent to DTC's Reorganization Department at (212) 709-1093 or (212) 709-1094, and receipt of such notices shall be confirmed by telephoning (212) 709-6884. Notices to DTC pursuant to the above by mail or by any other means shall be sent to:

Manager; Reorganization Department
Reorganization Window
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

9. Transactions in the Bonds shall be eligible for next-day funds settlement in DTC's Next-Day Funds Settlement ("NDFS") system.

A. Interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co. Absent any other existing arrangements such payments shall be addressed as follows:

Manager; Cash Receipts
Dividend Department
The Depository Trust Company
7 Hanover Square; 24th Floor
New York, NY 10004-2695

B. Principal payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in next-day funds on each payment date (or the equivalent in accordance with existing arrangements between Issuer or Agent and DTC). Such payments shall be made payable to the order of Cede & Co., and shall be addressed as follows:

NDFS Redemption Department
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

10. DTC may direct Issuer or Agent to use any other telephone number or address as the number or address to which notices or payments of interest or principal may be sent.

11. In the event of a redemption, acceleration, or any other similar transaction (*e.g.*, tender made and accepted in response to Issuer's or Agent's invitation) necessitating a reduction in the aggregate principal amount of Bonds outstanding or an advance refunding of part of the Bonds outstanding, DTC, in its discretion: (a) may request Issuer or Agent to issue and authenticate a new Bond certificate, or (b) may make an appropriate notation on the Bond certificate indicating the date and amount of such reduction in principal except in the case of final maturity, in which case the certificate will be presented to Issuer or Agent prior to payment if required.

12. In the event that Issuer determines that beneficial owners of Bonds shall be able to obtain certificated Bonds, Issuer or Agent shall notify DTC of the availability of Bond certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Bond certificates in appropriate amounts, as required by DTC and others.

13. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Bonds outstanding). Under such circumstances, at DTC's request Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Bonds to any DTC Participant having Bonds credited to its DTC accounts.

14. Nothing herein shall be deemed to require Agent to advance funds on behalf of Issuer.

Notes:

A. If there is an Agent (as defined in this Letter of Representations), Agent as well as Issuer must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

B. Under Rules of the Municipal Securities Rulemaking Board relating to "good delivery", a municipal securities dealer must be able to determine the date that a notice of a partial call or of an advance refunding of a part of an issue is published (the "publication date"). The establishment of such a publication date is addressed in Paragraph 3 of the Letter.

C. Schedule B contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

The City of Williamson
(Issuer)

By: _____
(Authorized Officer's Signature)

Bank One, West Virginia, National Association
(Agent)

By: _____
(Authorized Officer's Signature)

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____
(Authorized Officer)

cc: Underwriter
Underwriter's Counsel

AMOUNTS, MATURITY SCHEDULE AND INTEREST RATE

MATURITY DATE	PRINCIPAL	INTEREST RATE	PRICE	CUSIP NO.
October 1, 1997	30,000.00	3.80	100.00	970065AF5
October 1, 1998	30,000.00	4.10	100.00	970065AG3
October 1, 1999	30,000.00	4.30	100.00	970065AH1
October 1, 2000	35,000.00	4.45	100.00	970065AJ7
October 1, 2001	35,000.00	4.55	100.00	970065AK4
October 1, 2002	35,000.00	4.70	100.00	970065AL2
October 1, 2003	40,000.00	4.80	100.00	970065AM0
October 1, 2004	40,000.00	4.90	100.00	970065AN8
October 1, 2005	40,000.00	5.00	100.00	970065AP3
October 1, 2006	45,000.00	5.10	100.00	970065AQ1
October 1, 2007	45,000.00	5.25	100.00	970065AR9
October 1, 2008	50,000.00	5.30	100.00	970065AS7
October 1, 2009	50,000.00	5.40	100.00	970065AT5
October 1, 2010	55,000.00	5.45	100.00	970065AU2
October 1, 2025	1,280,000.00	5.75	96.49	970065AW8

The Series 1996 A Bonds maturing on October 1, 2025, ("2025 Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Bond Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

2025 TERM BONDS

Year	Principal Amount
2011	55,000.00
2012	60,000.00
2013	65,000.00
2014	65,000.00
2015	70,000.00
2016	75,000.00
2017	80,000.00
2018	85,000.00
2019	90,000.00
2020	90,000.00
2021	95,000.00
2022	105,000.00
2023	110,000.00
2024	115,000.00
2025 (final maturity)	120,000.00

SCHEDULE B

SAMPLE OFFICIAL STATEMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $150 million, one certificate will be issued with respect to each $150 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: 11-07-96

(See Reverse for Instructions)

ISSUER & ISSUE: City of Williamson Waterworks and Sewer System Refunding Revenue Bonc
ADDRESS: P.O. Box 1517 Williamson, WV 26551 COUNTY: Mingo
PURPOSE OF ISSUE: New Money ____ Refunding XX Refunds issue(s) dated: 5-28-86
ISSUE DATE: October 1, 1996 CLOSING DATE: 11-7-96
ISSUE AMOUNT: $ 1,840,000 RATE: 3.8-5.75%
1st DEBT SERVICE DUE: 4-1-97 1st PRINCIPAL DUE: 10-1-97
1st DEBT SERVICE AMOUNT: 48,870.00 PAYING AGENT: Bank One WV

ISSUERS
BOND COUNSEL: Vaughan & Withrow
Contact Person: Jim Withrow
Phone: 342-3900
CLOSING BANK: Bank One WV
Contact Person: Teresa Davis
Phone: 348-5667
KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Frances Frye
Position: City Clerk
Phone 235-1510

UNDERWRITERS
BOND COUNSEL: Bowles, Rice, McDavid, Graff & Love
Contact Person: Edd McDevitt
Phone: 347-1711
ESCROW TRUSTEE: Bank One WV
Contact Person: Teresa Davis
Phone: 348-5667
OTHER:
Contact Person:
Function:
Phone:

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

Accrued Interest: 37 Days		$ 9,774.00
Capitalized Interest:		$
Reserve Account:		$
Other:		$

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

To Escrow Trustee:	$ 62,649.89
To Issuer:	$
To CIF-State Treasury	$
To Other: 1996 Reserve Fund	$ 129,875.00

NOTES:

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

Form MBC-1 (9/87)

Schedule A - Maturity Schedule

$1,840,000
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BONDS
SERIES 1996 A

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, DAVID P. KIRBY, Vice President of Wheat First Butcher Singer (the "Underwriter"), and SAM KAPOURALES, Mayor of The City Williamson (the "Issuer"), hereby certify as follows:

1. On the 7th day of November, 1996, at DTC in New York, New York, the Underwriter received the entire original issue of $1,840,000 in aggregate principal amount of The City of Williamson, Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A (the "Series 1996 A Bonds"). The Series 1996 A Bonds, as so received on original issuance, are dated October 1, 1996, and are described on Schedule A hereto.

2. At the time of such receipt of the Series 1996 A Bonds, all the Series 1996 A Bonds had been executed by Sam Kapourales, as Mayor, by his manual signature and attested by Frances Frye, as City Clerk, by her manual signature, and the official seal of the Issuer had been impressed upon each Series 1996 A Bond, and had been authenticated by Bank One, West Virginia, National Association, as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchasers of the Series 1996 A Bonds, of the proceeds of the Series 1996 A Bonds, as follows:

Principal Amount of Series 1996 A Bonds	$1,840,000.00
Less:	
Underwriters' Discount	44,160.00
Original Issue Discount	44,928.00
Purchase Price	$1,750,912.00
Plus:	
Accrued Interest (October 1, 1996, through November 6, 1996)	9,774.00
Total	$1,760,686.00

Payment for the Series 1996 A Bonds was made in immediately available funds in the amount of $1,760,686.00

Capitalized terms used but not defined herein shall have the meanings set forth in the Bond Purchase Agreement dated October 21, 1996.

In Witness Whereof, each of the parties has caused this instrument to be executed as of the 7th day of November, 1996.

WHEAT FIRST BUTCHER SINGER

By: _____
Vice President

THE CITY OF WILLIAMSON

By: _____
Sam Kapourales, Mayor

R - 1

No. R-1 $30,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
3.8%	October 1, 1996	October 1, 1997	970065AF5

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $30,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

BLUE NO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH MICH

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa K. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO.—PLYMOUTH, MICH.

R - 2

No. R-2 $30,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
4.1%	October 1, 1996	October 1, 1998	970065AG3

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $30,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH MICH

2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO. - PLYMOUTH, MICH.

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa K. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

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R - 3

No. R-3 $30,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
4.3%	October 1, 1996	October 1, 1999	970065AH1

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $30,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa R. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

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R - 4

No. R-4

$35,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
4.45%	October 1, 1996	October 1, 2000	970065AJ7

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $35,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

OLITHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH MICH

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa K. Dowd
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

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R - 5

No. R-5 $35,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
4.55%	October 1, 1996	October 1, 2001	970065AK4

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $35,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH MICH

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa K. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

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R - 6

No. R-6 $35,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
4.7%	October 1, 1996	October 1, 2002	970065AL2

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $35,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

©ELISHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH, MICH

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa R. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

BLEEDNO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH, MICH

R - 7

No. R-7 $40,000.00



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
4.8%	October 1, 1996	October 1, 2003	970065AM0

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $40,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO.—PLYMOUTH, MICH.

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa R. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

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NUMBER

R - 8

No. R-8 $40,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
4.9%	October 1, 1996	October 1, 2004	970065AN8

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $40,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

BLITHO BORDER ONLY BY MIDWEST BANK NOTE CO.—PLYMOUTH, MICH.

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa K. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

ELITHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH MICH

R - 9

No. R-9 $40,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
5.0%	October 1, 1996	October 1, 2005	970065AP3

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $40,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

BLUE BORDER ONLY BY MIDWEST BANK NOTE CO PLYMOUTH MICH

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa R. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH, MICH

R - 10

No. R-10

$45,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
5.1%	October 1, 1996	October 1, 2006	970065AQ1

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $45,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

ELITHO BORDER ONLY BY MIDWEST BANK NOTE CO. - PLYMOUTH, MICH.

2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

©1990 BORDER ONLY BY MIDWEST BANK NOTE CO. PLYMOUTH MICH.

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa K. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

BLITHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH MICH

R - 11

No. R-11 $45,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
5.25%	October 1, 1996	October 1, 2007	970065AR9

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $45,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH MICH

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa K. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH MICH

R - 12

No. R-12

$50,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
5.3%	October 1, 1996	October 1, 2008	970065AS7

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $50,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa K. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

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NUMBER

R - 13

No. R-13

$50,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
5.4%	October 1, 1996	October 1, 2009	970065AT5

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $50,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

BLITHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH MICH

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa K. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

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NUMBER

R - 14

No. R-14

$55,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
5.45%	October 1, 1996	October 1, 2010	970065AU2

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $55,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

©LITHO BORDER ONLY BY MIDWEST BANK NOTE CO - PLYMOUTH MICH

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa L. Lewis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

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R - 15

No. R-15

$1,280,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF MINGO
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 1996 A

INTEREST RATE	BOND DATE	MATURITY DATE	CUSIP NUMBER
5.75%	October 1, 1996	October 1, 2025	970065AW8

REGISTERED OWNER: CEDE & CO. PRINCIPAL AMOUNT: $1,280,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of October and the first day of April, in each year, beginning April 1, 1997, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Bank One, West Virginia, National Association, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date (the "Record Date").

Municipal Bond Insurance Policy No. 13343BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Policy has delivered the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee of any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may secured from AMBAC Indemnity or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of AMBAC Indemnity as more fully set forth in the Policy.

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $1,840,000, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewer system revenue bonds of the Issuer outstanding on the date of issuance hereof in the aggregate principal amount of $1,347,489 (the "Series 1986 A Bonds"), all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the governing body of the Issuer on the 13th day of June, 1996 as supplemented by resolution adopted on the 21st day of October, 1996, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to October 1, 2006. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on or after October 1, 2006, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price
October 1, 2006 through September 30, 2007	102%
October 1, 2007 through September 30, 2008	101%
October 1, 2008 and thereafter	100%

The Bonds maturing on October 1, 2025 ("Term Bonds"), are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on October 1 of each of the years and in the principal amounts set forth below:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2011	55,000.00		
2012	60,000.00	2019	90,000.00
2013	65,000.00	2020	90,000.00
2014	65,000.00	2021	95,000.00
2015	70,000.00	2022	105,000.00
2016	75,000.00	2023	110,000.00

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2017	80,000.00	2024	115,000.00
2018	85,000.00	2025*	120,000.00

*Final Maturity

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewer system of the Issuer (the "System") and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said 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 an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred twenty five percent (125%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including, without limitation, the 1979 Bonds, the Series 1986 B Bonds and the Series 1986 C Bonds, as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a second charge upon all the net revenues of the System, on parity with the Series 1986 B Bonds, and subordinate to the lien securing the 1979 Bonds and Series 1986 C Bonds. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

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

All moneys received from the sale of the Bonds shall be applied solely to refund the Series 1986 A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said Bonds.

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

All provisions of the Ordinance 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.

This Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the Certificate of Authentication and Registration attached hereto shall have been manually executed by the Bond Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be impressed or imprinted hereon, all as of the Bond Date.

THE CITY OF WILLIAMSON

MAYOR

[SEAL]

ATTEST:

City Clerk

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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of THE CITY OF WILLIAMSON Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: Teresa K. Davis
Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

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Exhibit A - Maturity Schedule

$1,840,000
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BONDS
SERIES 1996 A

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Bank One, West Virginia, National Association
P. O. Box 1113
Charleston, West Virginia 25323

Gentlemen:

We herewith hand to you Bonds Nos. R-1 through R-15, described on Exhibit A hereto, constituting the entire original issue of The City Williamson Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A, dated October 1, 1996, (the "Bonds") executed by the Mayor and the City Clerk of The City of Williamson (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to an Ordinance enacted by the Issuer on June 13, 1996, and a Supplemental Resolution adopted by the Issuer on October 21, 1996 (the "Ordinance").

You are hereby requested and authorized, pursuant to the Ordinance, to authenticate, register and deliver the Bonds in the name of Cede & Co., nominee of The Depository Trust Company, New York, New York, for the benefit of Wheat First Butcher Singer as Original Purchasers thereof.

Dated this 7th day of November, 1996.

THE CITY OF WILLIAMSON

By: _____
Mayor

EXHIBIT D

CERTIFICATE OF UNDERWRITER

November 7, 1996

Re: $1,840,000.00 The City of Williamson Waterworks and Sewer System Refunding Revenue Bonds, Series 1996A

We have acted as and on behalf of the underwriters for The City of Williamson (the "Issuer") in connection with the issuance of $1,840,000.00 in aggregate principal amount of The City of Williamson Waterworks and Sewer System Refunding Revenue Bonds, Series 1996A (the "Bonds"). As such, we have been involved in the marketing and structuring of the Bonds.

We have purchased the Bonds for $1,750,912.00 plus accrued interest to the date hereof. At least 10% of each maturity of the Bonds were offered to the Public at the initial offering price set forth on the cover of the Official Statement plus accrued interest.

Based on our experience as underwriters, and considering all the facts and circumstances of this transaction, we are of the opinion that:

(1) The initial purchase price of the Bonds is reasonable under customary standards applicable to the tax exempt market.

(2) The funding of the Reserve Account in the amount of $129,875.00 was necessary in order to sell the Bonds at the rates of interest described in the Official Statement.

(3) The present value of the amount paid for the bond insurance premium is less than the present value of interest savings reasonably expected as a result of the bond insurance policy.

(4) Within thirty (30) days of the date hereof, the Underwriter (1) pursuant to MSRB Rule 36-G, filed or will file Form G36, together with two copies of the Official Statement with the Municipal Securities Rulemaking Board and (2) pursuant to Rule §240.15C2-12(b)(4) of the Securities Exchange Commission filed a copy of the Official Statement with a registered depository.

Very truly yours,

WHEAT, FIRST SECURITIES, INC.

Schedule A - Maturity Schedule for 1986 Bonds
Schedule B - SLGS
Schedule C - Verification Report

ESCROW AGREEMENT

This AGREEMENT, made and entered into as of the 7th day of November, 1996, by and among THE CITY OF WILLIAMSON (hereinafter referred to as the "Issuer"), the WEST VIRGINIA MUNICIPAL BOND COMMISSION (hereinafter referred to as the "Commission") and BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, Charleston, West Virginia, a national banking association having and exercising full and complete trust powers, duly organized and existing under the laws of the United States of America (hereinafter referred to as the "Escrow Trustee" or "Escrow Agent").

WHEREAS, the Issuer, pursuant to an ordinance dated April 24, 1986 (the "Prior Ordinance"), authorizing the issuance of not more than $1,750,000 Waterworks and Sewer System Revenue Bonds, issued its Waterworks and Sewer System Revenue Bonds, Series 1986 A, dated May 28, 1986, issued in the original principal amount of $1,402,664 and currently outstanding in the principal amount of $1,356,132; (the "Series 1986 A Bonds");

WHEREAS, the Series 1986 A Bonds mature on the dates and bear interest at the rates set forth in Schedule A hereto;

WHEREAS, the Issuer has determined to issue its Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A (the "Series 1996 A Bonds"), pursuant to an Ordinance passed on June 13, 1996, as supplemented by resolution adopted on October 21, 1996, (the "Ordinance"), a portion of the proceeds of which, together with other funds available to the Issuer, will be used to refund the Series 1986 A Bonds;

WHEREAS, the Issuer has made arrangements for the Escrow Trustee to purchase from part of the proceeds of the Series 1996 A Bonds and other available moneys, the United States Treasury Obligations (the "Government Securities") described in Schedule B hereto, the principal of and interest on which, when due, without consideration of any reinvestment of such maturing principal and interest, together with cash to be deposited with the Escrow Trustee, will provide sufficient moneys to enable the Escrow Trustee:

(i) to pay the principal coming due on the Series 1986 A Bonds at par from October 1, 1997 through October 1, 2001, inclusive,

(ii) to redeem $1,289,864.00, in principal amount of the Series 1986 A Bonds, at the earliest optional redemption date of October 1, 2001, at a redemption price equal to 113.47% of the principal amount thereof,

(iii) to pay as the same shall become due and payable the interest to accrue on the Series 1986 A Bonds to the respective dates of payment at maturity or redemption, as set forth in the preceding clauses (i) and (ii) of this recital.

WHEREAS, the Issuer has found it desirable to appoint the Escrow Trustee, and the Commission has agreed to such appointment, for the purposes of holding title, as trustee for the Issuer, to the Government Securities, receiving payments of the principal thereof and interest thereon when due, disbursing to the paying agents such amounts as may be necessary to provide for payment of the Series 1986 A Bonds and the interest thereon when due, and holding and investing and reinvesting any cash balances which may at any time not be needed for immediate disbursement, pursuant to this Agreement; and

WHEREAS, the Commission, at the request of the Issuer, has taken all action necessary to appoint and designate Bank One, West Virginia, National Association, Charleston, West Virginia, as the Escrow Trustee to accomplish such purposes;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 1986 A Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. Receipt of true and correct copies of the Ordinance and the Prior Ordinance are hereby acknowledged by the Commission and the Escrow Trustee. Reference herein to or citation herein of any provisions of either the Prior Ordinance or the Ordinance shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

2. There is hereby created and established with the Escrow Trustee a special and irrevocable trust fund designated the "The City of Williamson, Prior Waterworks and Sewer System Revenue Bonds Escrow Fund (hereinafter referred to as the "Escrow Fund"), to be held in the custody of the Escrow Trustee, separate and apart from other funds of the Issuer, the Commission or the Escrow Trustee. The deposit of investments or moneys in the Escrow Fund shall constitute an irrevocable deposit of said investments or moneys in trust for, and such moneys and the investments thereof, together with any income or interest earned thereon, shall be applied, except as otherwise provided herein, to, the payment of the principal of, premium and interest on the Series 1986 A Bonds as the same become due and payable.

3. Concurrently with the delivery of the Series 1996 A Bonds, the Issuer shall deposit $1,521,820.11 from the proceeds of sale of the Series 1996 A Bonds, and $192,524.89 from the sinking fund, including the reserve account therein, created and maintained on account of the Series 1986 A Bonds into the Escrow Fund with the Escrow Trustee (total deposit $1,714,345.00), and the Escrow Trustee shall apply such funds to the purchase of the Government Securities described in Schedule B hereto. KMPG Peat Marwick, LLP, independent certified public accountants, have certified, in their letter dated November 7, 1996, attached hereto as Schedule C, that the Government Securities, together with the income to be derived from the investment of the Government Securities, will be sufficient to pay the principal of,

premium and interest on the Series 1986 A Bonds as the same become due and payable as described in the fourth recital hereto.

4. The Government Securities shall be credited to the Escrow Fund. The Escrow Trustee shall deposit any proceeds (whether principal, interest or otherwise) derived from the Government Securities in the Escrow Fund. Upon receipt of (a) an opinion of nationally recognized bond counsel that such substitution is permitted under the Prior Ordinance and will not cause any of the Series 1996 A Bonds to be "arbitrage bonds" as within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended and then in effect, or to be subject to treatment under subsection (c)(1) of said Section as an obligation not described in subsection (a) of said Section and (b) a verification of an independent certified public accountant that the substituted Government Securities are sufficient to pay the debt service, as it becomes due, on the Series 1986 A Bonds, the Escrow Trustee may substitute other United States Treasury Obligations for the Government Securities described in Schedule B hereto, provided that the yield of such United States Treasury Obligations being substituted must equal or exceed the yield of the Government Securities described in Schedule B hereto for which they are being substituted. Except as provided above, the Escrow Trustee shall have no power or duty to invest any moneys held hereunder or to make substitutions of the Government Securities hereunder, or to sell, transfer or otherwise dispose of Government Securities acquired hereunder.

5. The Escrow Trustee shall deposit directly with the paying agent or agents therefor, in immediately available funds, from the amounts held in the Escrow Fund on the dates set forth on Schedule A hereto the amounts required to comply with the payments of principal, premium and interest on the Series 1986 A Bonds in accordance with the terms of the fourth recital hereto.

6. The holders of the Series 1986 A Bonds shall have an express lien on all moneys and assets in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

7. After the payment of all the Series 1986 A Bonds, and the premium and interest thereon, the amounts remaining in the Escrow Fund shall be transferred to the Sinking Fund established under the Ordinance.

8. The Commission is not rendering any services under this Agreement and shall not be entitled to any fees under this Agreement. The Escrow Trustee shall be responsible for all acts required of the Commission under the Prior Ordinance. Notwithstanding any provisions to the contrary in the Prior Ordinance, the Series 1986 A Bonds or other documents relating to the Series 1986 A Bonds, as of the date hereof, all responsibility and liability of the Commission for the Series 1986 A Bonds is terminated. All duties performed by the Commission for the Series 1986 A Bonds are terminated. All duties performed by the Commission as fiscal agent, whether assigned or assumed, including but not limited to, authorizing the publication of all optional and/or mandatory redemption notices, taking reasonable actions to reconcile statements of the paying agents for the Series 1986 A Bonds, handle lost coupon and bond inquiries, and other administrative matters, are henceforth assumed by the Escrow Trustee hereunder.

Concurrently with the delivery of the Series 1996 A Bonds, the Escrow Trustee shall be paid its acceptance fee, first year fee and expenses incurred with respect to this Agreement.

Future fees and expenses of the Escrow Trustee and the paying agents for the Series 1986 A Bonds shall be promptly paid by the Issuer from the net revenues of the System described in the Ordinance as they accrue.

In no event, however, shall the Escrow Trustee or the paying agents have any lien whatsoever upon any of the moneys or Government Securities in the Escrow Fund, for the payment of such fees or expenses.

9. The Issuer and the Escrow Trustee independently hereby covenant that no part of the moneys or funds at any time in the Escrow Fund, shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Series 1996 A Bonds to be "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986, as amended.

10. Neither the Commission nor the Escrow Trustee shall have any responsibility in respect of the validity or sufficiency of this Agreement. The liability of the Escrow Trustee for the payment of the principal of and the interest on the Series 1986 A Bonds shall be limited to the application of the moneys and Government Securities available for such purposes in the Escrow Fund. Neither the Commission nor the Escrow Trustee shall be liable or responsible because of the failure of the Issuer to perform any act required of it by this Agreement or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depository, other than the Escrow Trustee, in which such moneys shall have been deposited.

11. If any outstanding Series 1986 A Bonds are not presented for payment when due, and moneys are held by the Escrow Trustee for payment thereof but not including any funds held by the paying agent for the Series 1986 A Bonds, such moneys shall be held for such purposes for a period of four (4) years from the date such payment was due, at which time such moneys shall be paid to the Issuer. Prior to such repayment by the Escrow Trustee to the Issuer, the Escrow Trustee shall notify the national securities depository, if any, or any similar organization that said moneys remain unclaimed and that after a date named in said notice, which date shall be the date of such repayment and shall not be less than thirty (30) days after the date of such notice, such moneys shall be paid to the Issuer as its absolute property and free from trust. The Issuer shall pay any costs incurred with respect to such notice.

12. Concurrently with the execution of this Agreement and the defeasance of the lien of the Series 1986 A Bonds, the Commission, at the express direction of the Issuer, shall pay from the funds held by it in the respective sinking funds, including the reserve accounts therein, created and maintained under the Prior Ordinance the sum of $192,524.89 into the Escrow Fund, and the Issuer will cause $1,521,820.11 to be deposited into the Escrow Fund for the simultaneous purchase of Government Securities by the Escrow Trustee. The Escrow Trustee shall hold any moneys not needed for the purchase of the Government Securities in the Escrow Fund and apply them to the April 1, 1997, interest payment.

13. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to

be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

14. Whenever it shall be required hereunder to redeem Series 1986 A Bonds, as set out in the fourth recital to this Agreement and Schedule A hereto, the Escrow Trustee shall be responsible for the preparation, publication and mailing of the notice of redemption in accordance with the provisions of the Prior Ordinance. The costs of any required publication and mailing of any notice of redemption shall be paid by the Issuer and under no circumstance shall the Escrow Trustee have any claim on moneys on deposit in the Escrow Fund for payment of such costs, but shall look solely to the Issuer for such payment. The Escrow Trustee shall act on behalf of the Issuer in the conduct of the proceedings for the redemption of the outstanding bonds to be redeemed in accordance with the Prior Ordinance.

15. The duties and responsibilities of the Escrow Agent shall be limited to those expressly set forth in this Agreement. No implied duties of the Escrow Agent shall be read into this Agreement and the Escrow Agent shall not be subject to, or obliged to recognize any other agreement between, or direction or instruction of, any or all the parties hereto even though reference thereto may be made herein.

16. The Escrow Agent may rely, and shall be protected in acting or refraining from acting, upon any instrument furnished to it hereunder and believed by it to be genuine and believed by it to have been signed or presented by the appropriate party or parties (including without limitation, with respect to any party which is a corporation, any instrument purporting to have been signed on its behalf by an authorized officer). The Escrow Agent shall not be responsible for the sufficiency or accuracy, or the form, execution, validity or genuineness, of documents or securities now or hereafter deposited or received hereunder, or of any endorsement thereon, or for any lack of endorsement thereon, or for any description therein, nor shall it be responsible or liable in any respect on account of the identity, authority or rights of any person executing, depositing or delivering or purporting to execute, deposit or deliver any such document, security or endorsement or this Agreement, or on account of or by reason of forgeries, false representations, or the exercise of its discretion in any particular manner, not shall the Escrow Agent be liable for any mistake of fact or of law or any error of judgment, or for any act or omission, except as a result of its negligence or willful malfeasance.

17. The Issuer shall at all times indemnify the Escrow Trustee from all liabilities, claims, causes of action, costs and expenses (including, without limitation, reasonable attorney's fees and expenses) imposed upon or asserted against the Escrow Trustee, except as a result of its negligence or willful misconduct, on account of actions taken or omitted to be taken by the Trustee relating to or arising out of this Escrow Agreement, the Ordinance or the Bonds at the request or with the consent of the Issuer. This indemnification shall survive the termination of this agreement.

18. The Escrow Agent may consult with legal counsel of its own choosing and shall be fully protected in acting or refraining from acting in good faith and in accordance with the opinion of such counsel.

19. It is understood that the Escrow Agent reserves the right to resign as the Escrow Agent at any time by giving written notice of its resignation, specifying the effective date thereof, to each other party hereto. Within thirty (30) days after receiving the aforesaid notice, the other party or parties hereto shall appoint a successor Escrow Agent to which the Escrow Agent shall distribute the property then held hereunder. If a successor Escrow Agent has not been appointed and has not accepted such appointment by the end of such thirty (30) day period, the Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent and the fees, costs and expenses (including counsel fees and expenses) which it incurs in connection with such proceeding shall be paid by the Issuer.

20. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

21. This Agreement is made in the State of West Virginia under the Constitution and laws of such State and is to be so construed.

22. This Agreement shall terminate on the earlier of the date on which all the outstanding Series 1986 A Bonds have been paid and discharged in accordance with the respective provisions of the Prior Ordinance or, as described in Paragraph 11, above, four (4) years after the last date on which payment on the Series 1986 A Bonds is due. Government Securities in the Escrow Fund shall be transferred as provided in Paragraph 7 hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

THE CITY OF WILLIAMSON

By _____

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By _____

BANK ONE, WEST VIRGINA, NATIONAL ASSOCIATION, as Escrow Trustee

By Teresa K. Davis

SCHEDULE A

Maturity Date	Principal Amount	Interest Rate
October 1, 1997	9,485.81	9.75%
October 1, 1998	10,410.69	9.75%
October 1, 1999	11,425.72	9.75%
October 1, 2000	12,539.73	9.75%
October 1, 2001		9.75%

SCHEDULE B

United States Treasury
Certificate of Indebtedness

Maturity Date	Par Amount	Coupon
04/01/97		
10/01/97		
04/01/98		
10/01/98		
04/01/99		
10/01/99		
04/01/00		
10/01/00		
04/01/01		
10/01/01		

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064
Telephone (304) 558-3612
Telecopier (304) 558-0299

October 22, 1996

CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM REFUNDING REVENUE BONDS
SERIES 1996A

Subject to the receipt by us of the verification report, defeasance opinion and accountant's certificate relating to parity between the 1996 Series A Bonds and the 1986 Series B Bonds, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Waterworks and Sewer System Revenue Bonds Series 1986A and Waterworks and Sewer System Revenue Bonds Series 1986B issued by the City of Williamson (the "Issuer"), hereby consents to (i) the issuance of the Waterworks and Sewer System Refunding Revenue Bonds, Series 1996A, in the aggregate amount of $1,840,000, by the Issuer under the terms of the Ordinance authorizing the Bonds on a parity, with respect to lien, pledge and source of and security for payment, with the Issuer's Waterworks and Sewer System Revenue Bonds, Series 1986B; (ii) the refunding of the Issuer's Waterworks and Sewer System Revenue Bonds, Series 1986A, by the Series 1996A Bonds; and (iii) the redemption of the Series 1986A Bonds on October 1, 2001, at a redemption price of 113.47% plus interest to the date of redemption.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Daniel B. Lyntkoski
Its Director

C. JEFFREY VALLET, CPA
OWNER

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
WV ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

Vallet & Associates, AC

210 DINGESS STREET
LOGAN, WEST VIRGINIA 25601
(304) 752-1272

November 7, 1996

Wheat First Butcher Singer
500 Virginia Street East
Charleston, WV 25301

The City of Williamson
P O Box 1517
Williamson, WV 25661

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

Re: The City of Williamson, Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A

Ladies and Gentlemen:

We have been asked to determine if the combined waterworks and sewer system of The City of Williamson has achieved and will achieve sufficient revenue coverage of its existing and proposed debt service as set forth in the Supplemental Loan Agreement relating to the Series 1986 B Bonds, the Official Statement dated October 21, 1996, and the Bond Ordinance enacted by the City Council on June 13, 1996. Said Official Statement and Section 6.04 of the Ordinance requires the revenues derived the waterworks and sewer system will always be sufficient to pay provide revenues in each Fiscal Year to pay, as the same shall become due, the necessary expenses, repairs (including replacement), maintenance and operation of said Waterworks and Sewer System, and at least sufficient to pay one hundred twenty-five per centum (125%) of the maximum amount of principal and interest maturing and becoming due on the Series 1996 A Bonds, and any Bonds superior to or on a parity with the Series 1996 A Bonds. Section 4.1(b)(v) of the Supplemental Loan Agreement relating to the Series 1986 B Bonds provides that parity bonds may only be issued if net revenues of the System prior to the issuance of any parity bonds shall be not less than 115% of the maximum debt service in any succeeding year on the Series 1986 B Bonds, any parity bonds theretofore and then being issued and any other bonds or obligations payable from or secured by the revenues of the System prior to the Series 1986 B Bonds.

In calculating the required revenues and coverage, we have assumed that the proposed issue will conform to the terms set forth in the Official Statement dated October 21, 1996.

Based on the foregoing, we certify that annual revenues of The City of Williamson Waterworks and Sewer System, will be sufficient to pay provide revenues in each Fiscal Year to pay, as the same shall become due, the necessary expenses, repairs (including replacement), maintenance and operation of said Waterworks and Sewer System, and at least sufficient to pay one hundred twenty-five per centum (125%) of the maximum amount of principal and interest maturing and becoming due on the 1979 Bonds, the Series 1986 C Bonds, the Series 1986 B Bonds and the Series 1996 A Bonds, and that the net revenues of the System for 12 of the last 18 months prior to the issuance of the Series 1996 A Bonds is not less than 115% of the maximum debt service in any succeeding year on the Series 1986 B Bonds, the Series 1996 A Bonds, the 1979 Bonds and the Series 1986 C Bonds and meets the parity test requirements for the Series 1986 B Bonds.

Very truly yours,

Vallet Associates

VALLET & ASSOCIATES, AC

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064
Telephone (304) 558-3612
Telecopier (304) 558-0299

November 7, 1996

CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM REFUNDING REVENUE BONDS
SERIES 1996A

The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Waterworks and Sewer System Revenue Bonds Series 1986A and Waterworks and Sewer System Revenue Bonds Series 1986B issued by the City of Williamson (the "Issuer"), hereby consents to (i) the issuance of the Waterworks and Sewer System Refunding Revenue Bonds, Series 1996A, in the aggregate amount of $1,790,000, by the Issuer under the terms of the Ordinance authorizing the Bonds on a parity, with respect to lien, pledge and source of and security for payment, with the Issuer's Waterworks and Sewer System Revenue Bonds, Series 1986B; (ii) the refunding of the Issuer's Waterworks and Sewer System Revenue Bonds, Series 1986A, by the Series 1996A Bonds; and (iii) the redemption of the Series 1986A Bonds on October 1, 2001, at a redemption price of 113.47% plus interest to the date of redemption.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Daniel B. Yankosky
Its Director

BOWLES RICE
MCDAVID GRAFF & LOVE

ATTORNEYS AT LAW

1000 TECHNOLOGY DRIVE, SUITE 1330
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-4000

105 W. BURKE STREET
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-0836

206 SPRUCE STREET
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-284-4013

WRITER'S DIRECT DIAL NUMBER

16TH FLOOR HUNTINGTON SQUARE • LEE STREET
POST OFFICE BOX 1386
CHARLESTON, WEST VIRGINIA 25325-1386
TELEPHONE 304-347-1100
FACSIMILE 304-343-2867

601 AVERY STREET
PARKERSBURG, WEST VIRGINIA 26102
TELEPHONE 304-485-8500

12TH FLOOR VINE CENTER TOWER
LEXINGTON, KENTUCKY 40507
TELEPHONE 606-225-8700

900 HEYBURN BUILDING
LOUISVILLE, KENTUCKY 40202
TELEPHONE 502-589-0500

E-MAIL

BLUE SKY MEMORANDUM

September 30, 1996

Wheat First Butcher Singer
1200 United Center
500 Virginia Street, East
Charleston, West Virginia 25301

Re: $1,790,000 The City of Williamson, West Virginia Waterworks and Sewer System Revenue Refunding Bonds Series 1996A

Ladies and Gentlemen:

This memorandum sets forth, in summary form, information concerning the extent to which and conditions upon which it is believed sales of the above-captioned bond (the "Bonds") will be permissible under the Blue Sky or securities laws of the states of Florida, Maryland, North Carolina, Ohio, Pennsylvania, Texas, Virginia, West Virginia, and the District of Columbia.

We have examined the latest compilations available to us of the applicable statutes, if any, of such jurisdictions which relate to the sale of securities therein and, in certain instances, the regulations issued thereunder, but we have not obtained special rulings of the securities commissions or other administrative bodies or officials charged with the administration of the respective securities or Blue Sky laws, nor have we obtained opinions of local counsel. We do not purport to be experts in the laws of any jurisdiction other than the State of West Virginia.

In all instances in which we have indicated that persons registered or licensed as dealers or brokers may sell the Bonds, we have assumed that such persons have complied with all dealer or broker requirements in connection with the sale thereof, and with all federal and state statutes, rules and regulations with respect to registration or licensing.

The statements made herein are of necessity subject to the exercise of broad discretionary powers given by statute to securities commissions and other qualified authorities authorizing such commissions or authorities to withdraw exemptions offered by statute or by administrative interpretations thereof, to refuse registration or to impose additional requirements or restrictions in respect to any offering of securities.

Any statements in this memorandum with respect to sales to banks, savings institutions, trust companies, insurance companies, or the like, refer only to Blue Sky requirements relating to such sales and do not purport to cover the question of whether the purchase of the Bonds would be a legal investment for such institutions. This memorandum does not cover the requirements of any jurisdiction with respect to the use of advertising material.

Very truly yours,

BOWLES RICE
McDAVID GRAFF & LOVE

$1,840,000
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BONDS
SERIES 1996 A

ACCEPTANCE BY MUNICIPAL BOND COMMISSION

The undersigned, on behalf of the West Virginia Municipal Bond Commission (the "Bond Commission"), hereby acknowledges that he has received a copy of the Bond Ordinance enacted by the City Council of The City of Williamson (the "Issuer") on June 13, 1996, supplemented by a resolution adopted on October 21, 1996 (the "Bond Ordinance"), regarding, among other things, the above-referenced bonds (the "Bonds"). The undersigned hereby accepts the duties and obligations imposed upon the Bond Commission by the Bond Ordinance, including but not limited to those regarding investment of moneys in the sinking funds, and by the Tax Regulatory Agreement entered by the Issuer, the Bond Commission and Bank One, West Virginia, National Association with respect to the Bonds.

Witness my signature as of this 7th day of November, 1996.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By _____
Its Executive Director

$1,840,000
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BONDS
SERIES 1996 A

REGISTRAR AND PAYING AGENT'S AGREEMENT

THIS REGISTRAR and PAYING AGENT'S AGREEMENT, dated as of the 7th day of November, 1996, by and between THE CITY OF WILLIAMSON, a municipal corporation and a political subdivision of the State of West Virginia (the "Issuer"), and BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, a national banking association, as bond registrar and paying agent (the "Registrar").

WHEREAS, the Issuer has contemporaneously with the execution hereof issued and sold the bonds described above (the "Bonds"); and

WHEREAS, capitalized words and terms used in this Registrar and Paying Agent's Agreement and not otherwise defined herein shall have the respective meanings given them in the ordinance passed by the Issuer on June 13, 1996, and a supplemental resolution adopted by the Issuer on October 21, 1996, authorizing issuance of the Bonds (collectively herein the "Ordinance"), copies of which are respectively attached as Exhibits A and B hereto and incorporated herein by reference; and

WHEREAS, the Ordinance appoints Bank One, West Virginia, National Association to act as Registrar and Paying Agent for the Bonds;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar and Paying Agent'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 and Paying Agent 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 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, and to provide for the payment of the principal and interest on the Bonds to the registered owners thereof from funds supplied by the Issuer.

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 and Paying Agent pursuant to this Registrar and Paying Agent's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time the compensation for services rendered hereunder provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar and Paying Agent'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 and Paying Agent'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 and Paying Agent'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. The Registrar may resign as Registrar at any time by giving at least 60 days written notice to the Issuer. The Registrar may be removed as Registrar at any time by an instrument filed with the Registrar and signed by the Issuer.

Notices shall be delivered to the parties at the following addresses:

ISSUER:

The City of Williamson
P. O. Box 1517
Williamson, West Virginia 25661

REGISTRAR

Bank One, West Virginia, National Association
P. O. Box 1113
Charleston, West Virginia 25323
Attention: Corporate Trust Department

8. Unless otherwise so notified, the Registrar shall register all Bonds in the name of Cede & Co., as nominee for The Depository Trust Company.

9. All notices and communications required or permitted hereunder, except as otherwise expressly agreed in writing, shall be in writing and shall be delivered by hand or sent by mail or sent by telex, telecopier, or telegraph, addressed to the respective party at the appropriate address in Section 7 hereof.

10. The Registrar shall maintain records which indicate the date and volume of services rendered hereunder. Such records shall include, but not be limited to, records of the Bonds or portions thereof paid by the Registrar. Such records and the applicable premises of the Registrar shall be subject to inspection by duly designated agents, designees or officials of the Issuer for the purpose of reviewing the adequacy of procedures, systems capabilities methods of operation.

Any such inspection may be made during normal banking hours after reasonable prior written notice.

11. The Registrar warrants and represents that it is a national banking association, and in good standing under the laws of the United States of America, may lawfully conduct business in the State of West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided in the Ordinance and this agreement and to serve in the capacities of Registrar and Paying Agent thereunder and hereunder.

12. There is no litigation pending of threatened in any court, either State or Federal, calling into question the creation, organization or existence of the Registrar or the authority of the Registrar to perform its duties under this agreement or the Ordinance.

13. This Registrar and Paying Agent's Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia.

IN WITNESS WHEREOF, THE CITY OF WILLIAMSON and BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, have each caused this Registrar and Paying Agent's Agreement to be executed in their names and on their behalf, by their duly authorized officers, all as of the date first above written.

THE CITY OF WILLIAMSON

By _____
Mayor

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION

By _____
Vice President

$1,840,000
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BONDS
SERIES 1996 A

CERTIFICATE OF REGISTRATION OF BONDS

I, Teresa Davis, Vice President, of Bank One, West Virginia, National Association, of Charleston, West Virginia, as Registrar (the "Registrar") under the Ordinance providing for the issuance of the Bonds described above, hereby certify that on the 7th day of November, 1996, the fully registered Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A in the stated principal amount of $1,840,000, designated "The City Williamson, Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A" numbered R-1 through R-15 consecutively, and each dated October 1, 1996 were registered as to principal and interest in the name of "Cede & Co." in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of Bank One, West Virginia, National Association, as Registrar.

WITNESS my signature as of this 7th day of November, 1996.

BANK ONE, WEST VIRGINIA, NATIONAL, ASSOCIATION

By: Teresa L. Davis
Teresa Davis, Vice President

Exhibit A - Maturity Schedule

$1,840,000
THE CITY OF WILLIAMSON
WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS
SERIES 1996 A

REGISTRAR AND CO-PAYING AGENT'S CERTIFICATE

The undersigned, on behalf of BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, Charleston, West Virginia, a national banking association (the "Bank"), hereby certifies as follows with respect to the above-captioned Bonds (the "Bonds"):

1. The Bank has full power and authority to enter into and carry out the provisions of the Registrar and Co-Paying Agent's Agreement, dated as of November 7, 1996, between The City of Williamson (the "Issuer") and the Bank (the "Agreement").

2. The person whose title, name and signature is set forth below holds the position by election or appointment by the Board of Directors of the Bank shown opposite her name, and such person has been respectively named and designated as an authorized officer of the Bank to authenticate and register the Bonds, to deliver certificates on behalf of the Bank in connection with the closing of the sale of the Bonds and to take any other actions required by the Agreement.

Vice President	Teresa Davis	Teresa L. Davis
Trust Officer	Michael E. Puskar	Michael E. Puskar

3. The above signed, Teresa L. Davis, was duly authorized to, and did on or prior to the date hereof, execute and deliver the Agreement to the Issuer on behalf of the Bank.

4. The Bank has received from the Issuer on the date hereof the Bonds, in the respective numbers and denominations, maturing in such years, and bearing interest at such rates, all as set forth in Exhibit A attached hereto and incorporated herein by reference. At the time of such receipt, each of the Bonds has been executed by the manual signature of the Mayor of the Issuer, impressed with the seal of the Issuer, and attested by the manual signature of the City Clerk of the Issuer.

5. The Bank has caused each of the Series 1996 A Bonds to be duly authenticated by the manual signature of Teresa L. Davis and as described in Exhibit A hereto, by attaching to each of such Bonds a certificate in the following terms:

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of The City of Williamson Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A, described in the within mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: November 7, 1996

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By: _____
Its Authorized Officer

WITNESS my signature this 7th day of November, 1996.

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION

By: _____
Its Trust Officer

VAUGHAN & WITHROW
Attorneys and Counsellors at Law

DENNIS R. VAUGHAN, JR.
JAMES W. WITHROW

SUITE 200 CAPITOL CENTRE
232 CAPITOL STREET
CHARLESTON, WEST VIRGINIA 25301

TELEPHONE (304) 342-3900
TELECOPY (304) 344-2386

November 7, 1996

Wheat First Butcher Singer
500 Virginia Street, East
12th Floor
Charleston, WV 25301

Re: $1,840,000 The City of Williamson Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A

Gentlemen:

We deliver to you herewith our legal opinion addressed to The City of Williamson dated the date hereof relating to the above referenced series of bonds.

You may rely on such opinion as if the same was addressed to you in the first instance.

Very truly yours,

Vaughan & Withrow

Vaughan & Withrow

VAUGHAN & WITHROW
Attorneys and Counsellors at Law

DENNIS R. VAUGHAN, JR.
JAMES W. WITHROW

SUITE 200 CAPITOL CENTRE
232 CAPITOL STREET
CHARLESTON, WEST VIRGINIA 25301

TELEPHONE (304) 342-3900
TELECOPY (304) 344-2386

November 7, 1996

The City of Williamson
P. O. Box 1517
Williamson, WV 25664

Re: The City of Williamson Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A

Gentlemen:

We are Bond Counsel to The City of Williamson (the "Issuer"), a municipal corporation created under the laws of the State of West Virginia and a political subdivision of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to the issuance of a series of revenue bonds of the Issuer, denoted as Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A, dated October 1, 1996 (the "Series 1996 A Bonds"), issued pursuant to an Ordinance enacted by the City Council of the Issuer on June 13, 1996, as amended and supplemented by a Supplemental Resolution adopted on October 21, 1996 (the "Ordinance").

The Series 1996 A Bonds are in the aggregate principal amount of $1,840,000.00, issued in the form of one bond for each maturity, registered in the name of the nominee of The Depository Trust Company, as to principal and interest, with interest payable April 1 and October 1 of each year, beginning April 1, 1997, at the respective rate and with principal payable in installments in October in each of the years 1997 through 2025 all as set forth in the Official Statement relating to the Series 1996 A Bonds. The Series 1996 A 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.

The Series 1996 A Bonds are issued for the purpose of providing a portion of the costs of refunding certain revenue bonds of the Issuer previously issued to finance the acquisition and construction of certain extensions, improvements and betterments to the public waterworks and

sewer system (the "System") for the Issuer, funding, in part, a reserve fund for the Series 1996 A Bonds and paying the costs of issuance thereof.

We have also examined the applicable provisions of Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (the "Act"), under which the Series 1996 A Bonds are issued.

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

1. The Issuer is a duly organized and presently existing municipal corporation and a political subdivision of the State of West Virginia, with full power and authority to operate and maintain the System referred to in the Ordinance and to issue and sell the Series 1996 A Bonds, all under the Ordinance, the Act and other applicable provisions of law.

2. The Issuer has legally and effectively adopted the Ordinance and all other necessary actions and certifications in connection with the issuance and sale of the Series 1996 A Bonds.

3. The Series 1996 A Bonds are valid and legally enforceable special obligations of the Issuer, payable from the net revenues of the System referred to in the Ordinance and secured by a second lien on and pledge of the net revenues of said System, which second lien is on a parity with the Issuer's Waterworks and Sewer System Revenue Bonds, Series 1986 B.

4. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Series 1996 A Bonds, as provided in the Ordinance.

5. The interest on the Series 1996 A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted with respect to corporations, (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 1996 A Bonds in order that the interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such covenants and representations could cause the interest on the Series 1996 A Bonds to be so included in gross income retroactive to the date of issuance. Other than as set forth in paragraph 6 below, we express no opinion regarding other federal tax consequences with respect to the Series 1996 A Bonds.

6. The Issuer has designated the Series 1996 A Bonds as "qualified tax-exempt obligations" in the Ordinance and covenanted therein that it did not reasonably expect to issue more than $10,000,000 in principal amount of obligations (other than private activity bonds) the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes during the calendar year 1996. Therefore, the Series 1996 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

7. The Series 1996 A Bonds and the interest thereon are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality or any agency thereof.

The rights of the owners of the Series 1996 A Bonds and the enforceability of the Series 1996 A Bonds and the Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Series 1996 A Bond numbered R-1, and in our opinion, the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

VAUGHAN & WITHROW



VAUGHAN & WITHROW
Attorneys and Counsellors at Law

DENNIS R. VAUGHAN, JR.
JAMES W. WITHROW

SUITE 200 CAPITOL CENTRE
232 CAPITOL STREET
CHARLESTON, WEST VIRGINIA 25301

TELEPHONE (304) 342-3900
TELECOPY (304) 344-2386

November 7, 1996

Wheat First Butcher Singer
500 Virginia Street, East
12th Floor
Charleston, WV 25301

Re: $1,840,000 The City of Williamson Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A

Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by The City of Williamson (the "Issuer") of $1,840,000 aggregate principal amount of Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A Bonds (the "Bonds"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality of the Bonds and the exclusion of interest on the Bonds from gross income for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings assigned to them in the Bond Purchase Agreement (the "Purchase Agreement") dated October 21, 1996, between the Issuer and the Underwriter.

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement has been authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, is a legal, valid, binding and enforceable obligation of the Issuer (except to the extent that enforceability may be limited by bankruptcy, insolvency, or other laws or equitable principles affecting creditors rights generally).

(2) The Issuer, under the Act, has full power and authority to adopt the Ordinance, enter into the Purchase Agreement and perform its obligations thereunder.

(3) The Issuer has duly ratified the distribution of the Preliminary Official Statement, the Official Statement has been duly approved, signed and delivered by the Issuer, and the Issuer has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the public offering of the Bonds.

(4) The statements and information contained in the Official Statement under the captions or subcaptions "Description of the Series 1996 A Bonds," "Additional Security for the Series 1996 A Bonds," "Tax Exemption," "Tax Treatment of Original Issue Discount" and the definitions and the summary of the Ordinance in Appendix B to the Official Statement and the form of the opinion of Bond Counsel contained in Appendix D to the Official Statement (except for financial or statistical data therein as to which no opinion is hereby expressed) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

(5) The Ordinance and the Bonds conform with the respective summaries of the terms and provisions thereof set forth in the Official Statement.

(6) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

VAUGHAN & WITHROW

VAUGHAN & WITHROW
Attorneys and Counsellors at Law

DENNIS R. VAUGHAN, JR.
JAMES W. WITHROW

SUITE 200 CAPITOL CENTRE
232 CAPITOL STREET
CHARLESTON, WEST VIRGINIA 25301

TELEPHONE (304) 342-3900
TELECOPY (304) 344-2386

November 7, 1996

The City of Williamson
P. O. Box 1517
Williamson, WV 25661

Wheat First Butcher Singer
500 Virginia Street, East
12th Floor
Charleston, WV 25301

Re: $1,840,000 The City of Williamson Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A

Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by The City of Williamson, West Virginia (the "Issuer") of $1,840,000 aggregate principal amount of The City of Williamson Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A (the "Series 1996 A Bonds").

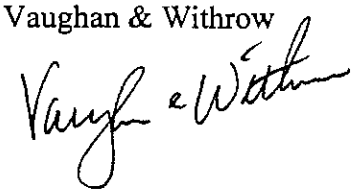
The initial public offering price of the Series 1996 A Bonds maturing on October 1, 2025 (the "Discount Bonds"), is less than the amount payable on such Series 1996 A Bonds at maturity. The difference between the initial public offering price at which a substantial amount of such Series 1996 A Bonds were sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of an original Holder of a Discount Bond, the amount of the OID which is treated as having accrued with respect to such Series 1996 A Bond is added to the cost basis of the Holder in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). We are of the opinion that amounts received upon such disposition which are attributable to accrued OID will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Interest in the form of OID is treated as compounding semiannually on days which are determined by reference to maturity date of the Discount Bonds. The amount of OID which is treated as having accrued in respect of a Discount Bond for any particular semiannual compounding period is equal to the difference between (i) the product of (a) one-half of the yield for the Discount Bonds (adjusted as necessary for an initial short period) and (b) the tax basis of the Discount Bond, and (ii) the amounts actually payable as interest on such Discount Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Series 1996 A Bond the OID that is treated as having accrued during all prior semiannual

compounding periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then OID which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in an equal amount among the days in such compounding period.

Very truly yours,

Vaughan & Withrow



J. Timothy Poore
Attorney at Law

Post Office Box 830
Suite 30, Cinderella Building
Williamson, West Virginia 26661

Telephone (304) 235-3900
Fax (304) 235-3906

November 7, 1996

Wheat First Butcher Singer
12th Floor
500 Virginia St. East
Charleston, WV 25301

RE: $1,840,000 The City of Williamson Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A

Gentlemen:

I am the City Attorney for The City of Williamson (the "Issuer"), in connection with the issuance of the Issuer's $1,840,000 in aggregate principal amount Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A (the "Bonds").

I have reviewed copies of the approving opinion of Vaughan & Withrow, as bond counsel, the Bond Purchase Agreement by and between Wheat First Butcher Singer (the "Underwriter") and the Issuer dated October 21, 1996, the Escrow Agreement by and among the Issuer, the West Virginia Municipal Bond Commission and Bank One, West Virginia, National Association, Escrow Trustee, dated November 7, 1996, the Ordinance, the Official Statement dated October 21, 1996, and the Preliminary Official Statement dated September 30, 1996, relating to the Bonds. All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Purchase Agreement and in the Ordinance.

I am of the opinion that:

1. The Bond Purchase Agreement and the Escrow Agreement have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the respective parties thereto, constitute the valid and binding agreements of the Issuer in accordance with their terms.

2. The members of the Governing Body are the duly and properly elected or appointed and qualified members and are thereby authorized to act on behalf of the Issuer.

3. The Ordinance has been duly enacted by the Governing Body of the Issuer, is in full force and effect, and no further action of the Issuer is required for its continued validity.

4. The Issuer has duly ratified the distribution of the Preliminary Official Statement, the Official Statement has been duly approved, signed and delivered by the Issuer, and the Issuer has

authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the public offering of the Bonds.

5. The information and statements contained in the Official Statement or the appendices thereto under the headings "The System," "Rates and Charges," "Litigation," "Landlord Liens" and "Legal Matters" are true, correct and complete in all material respects and do not omit any material fact which, in my opinion, should be included or referred to therein so as to make the information or statements made therein not misleading.

6. Nothing has come to my attention which would lead me to believe that the Official Statement (except for financial, statistical and engineering date included therein, as to which no view is hereby expressed) contains an untrue statement of material fact or omits to state an material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

7. The execution and delivery of the Bonds, the Bond Purchase Agreement and the Escrow Agreement and the consummation of the transactions contemplated by the Bond Purchase Agreement, the Escrow Agreement and the Official Statement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the Issuer's part a breach of or default under any agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

8. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, the operation of the System, the imposition of rates and charges for the use of the services of the System and for the issuance of the Bonds, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, the appeal period from such orders, if any, has expired, and has taken any other action required for the imposition of such rates and charges and the issuance of the Bonds, including, without limitation, the enactment of appropriate ordinances of the Governing Body, the consideration of which occurred during regular or duly called special meetings, which were open to the public and held in accordance with the Issuer's duly adopted Rules of Procedure and all applicable laws, including without limitation, the Open Governmental Proceedings Act, Chapter 6, Article 9A, Section 1 *et seq.* of the Code of West Virginia of 1931, as amended.

9. To the best of my knowledge after due inquiry, and except as discussed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to my knowledge, threatened against or affecting the Issuer (or, to my knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond Purchase Agreement,

the Escrow Agreement or the Official Statement, the validity of or security for the Bonds or the validity or finality of the orders of the Public Service Commission.

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

Very truly yours,

J. TIMOTHY POORE
City Attorney

JTP/lb

Smith and Rumora
Attorneys at Law
Bank One Building
101 East Second Avenue
Williamson, West Virginia 25661

Ronald J. Rumora

W. Graham Smith, Jr.
(Retired 1994)

Telephone
(304) 235-5400

Fax (304) 235-3603

November 7, 1996

Wheat, First Butcher Singer
Suite 1200
500 Virginia Street East
Charleston, WV 25301

RE: $1,840,000 - THE CITY OF WILLIAMSON, WATERWORKS AND SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 1996 A

Gentlemen:

I am counsel to the Utility Board of The City of Williamson, West Virginia (the "Utility Board"), in connection with the issuance of the City's $1,840,000 in aggregate principal amount Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A (the "Bonds").

I have reviewed copies of the Ordinance enacted June 13, 1996, and effective June 27, 1996, as amended and supplemented by a supplemental resolution adopted October 21, 1996 (collectively referred to as the "Ordinance"), the Bond Purchase Agreement dated October 21, 1996, the Official Statement, and such other documents and instruments as I have deemed necessary to render this opinion. All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Ordinance.

1. The information and statements contained in the Official Statement or the appendices thereto under the headings "The System," "Rates and Charges," "Litigation," "Landlord Liens" and "Legal Matters" are true, correct and complete in all material respects and do not omit any material fact which, in my opinion, should be included or referred to therein so as to make the information or statements made therein not misleading.

2. Nothing has come to my attention which would lead me to believe that the Official Statement (except for financial, statistical and engineering date included therein, as to which no view is hereby expressed) contains an untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

3. The execution and delivery of the Bonds, the Bond Purchase Agreement and the Escrow Agreement and the consummation of the transactions contemplated by the Bond Purchase Agreement, the Escrow Agreement and the Official Statement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the Utility Board's part a breach of or default under any agreement or other instrument to which the Utility Board is a party or any existing law, regulation, court order or consent decree to which the Utility Board is subject.

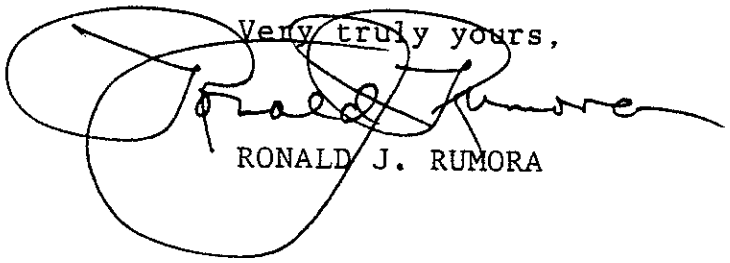
4. The Utility Board has received all permits, licenses, approvals and authorizations necessary for the operation of the System and the imposition of rates and charges for the use of the services of the System, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, the appeal period from such orders, if any, has expired, and has taken any other action required for the imposition of such rates and charges and the issuance of the Bonds, including, without limitation, the enactment of appropriate ordinances of the Governing Body, the consideration of which occurred during regular or duly called special meetings, which were open to the public and held in accordance with the Issuer's duly adopted Rules of procedure and all applicable laws, including without limitation, the Open Governmental Proceedings Act, Chapter 6, Article 9A, Section 1 et seq. of the Code of West Virginia of 1931, as amended.

5. To the best of my knowledge after due inquiry, and except as discussed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to my knowledge, threatened against or affecting the Utility Board (or, to my knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions

contemplated by the Bond Purchase Agreement, the Escrow Agreement or the Official Statement, the validity of or security for the Bonds or the validity or finality of the orders of the Public Service Commission.

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

Very truly yours,



RONALD J. RUMORA

RJR:jg

BOWLES RICE
MCDAVID GRAFF & LOVE

ATTORNEYS AT LAW

1000 TECHNOLOGY DRIVE, SUITE 1330
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-4000

105 W. BURKE STREET
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-0836

206 SPRUCE STREET
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-284-4013

WRITER'S DIRECT DIAL NUMBER
(304) 347-1711

600 QUARRIER STREET
POST OFFICE BOX 1386
CHARLESTON, WEST VIRGINIA 25325-1386
TELEPHONE 304-347-1100
FACSIMILE 304-343-2867

601 AVERY STREET
PARKERSBURG, WEST VIRGINIA 26102
TELEPHONE 304-485-8500

12TH FLOOR VINE CENTER TOWER
LEXINGTON, KENTUCKY 40507
TELEPHONE 606-225-8700

900 HEYBURN BUILDING
LOUISVILLE, KENTUCKY 40202
TELEPHONE 502-589-0500

E-MAIL

November 7, 1996

WHEAT, FIRST SECURITIES, INC.
1200 United Center
500 Virginia Street, East
Charleston, WV 25301

RE: $1,840,000 The City of Williamson, West Virginia, Waterworks and Sewer System Refunding Revenue Bonds, Series 1996A

Ladies and Gentlemen:

We have acted as your counsel in connection with the purchase of the above-referenced bonds pursuant to a Bond Purchase Agreement dated October 21, 1996 (the "Bond Purchase Agreement"), between The City of Williamson, West Virginia, (the "City"), and you. Capitalized terms used and not otherwise defined herein have the respective meanings given such terms in the Bond Purchase Agreement.

In connection with the issuance of the Bonds, we have examined and relied upon a certified copy of the Ordinance, an executed copy of the Official Statement, executed copies of the opinions of Vaughan & Withrow, bond counsel, of J. Timothy Poore, counsel to the City and Ronald J. Rumora, counsel to the Utility Board, delivered to you pursuant to the Bond Purchase Agreement, and originals or copies, certified or otherwise identified to our satisfaction, of such other documents, instruments or records as we have considered necessary or appropriate for the purpose of this opinion. We have assumed, but not independently verified, that the signatures on all documents and certifications that we examined were genuine.

Based upon our participation in the financing contemplated by the Bond Purchase Agreement as your counsel, we are of the opinion as follows:

1. The Bond Purchase Agreement has been validly authorized, executed and delivered by you and, assuming due authorization, execution and delivery by the City, constitutes a valid and binding agreement, enforceable against you in accordance with its terms, except as such may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the respective parties, the exercise of judicial discretion or the availability of equitable remedies.

2. The Bonds constitute exempt securities within the meaning of the Securities Act of 1933, as amended, and Section 304(a)(4)(A) of the Trust Indenture Act of 1939, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Act or to qualify the Ordinance under said Trust Indenture Act.

3. Based upon the examinations which we have made as counsel to the Underwriter and our participation in the preparation of the Official Statement, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, we have no reason to believe that, as of its date, the Official Statement contained or that, as of the Closing Date, the Official Statement contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that we express no opinion with respect to financial statements and other financial and statistical data, including but not limited to projections, included therein).

We are furnishing this letter to you solely as your counsel and for your benefit. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose and may not be relied upon without our express written permission, except that reference may be made to it in any list of closing documents pertaining to the delivery of the Bonds.

Very truly yours,

Bowles Rice McDavid Graff & Love

Williamson96AVCO
CHS-65869

VAUGHAN & WITHROW
Attorneys and Counsellors at Law

DENNIS R. VAUGHAN, JR.
JAMES W. WITHROW

SUITE 200 CAPITOL CENTRE
232 CAPITOL STREET
CHARLESTON, WEST VIRGINIA 25301

TELEPHONE (304) 342-3900
TELECOPY (304) 344-2386

November 7, 1996

The City of Williamson
P. O. Box 1517
Williamson, West Virginia 25661

Wheat First Butcher Singer
500 Virginia Street East
Charleston, West Virginia 25301

Re: $1,840,000 The City of Williamson Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A

Gentlemen:

We have acted as counsel to Bank One, West Virginia, National Association (the "Bank") in its capacity as escrow trustee under the Escrow Agreement, dated as of November 7, 1996 (the "Escrow Agreement"), by and between The City of Williamson, West Virginia (the "Issuer"), the West Virginia Municipal Bond Commission and the Bank (the "Escrow Trustee") in connection with the issuance of the above-captioned bonds (the "Bonds") and the refunding and defeasance of the Issuer's Waterworks and Sewer Revenue Bonds, Series 1986. The Bonds are being issued pursuant to an Ordinance enacted on June 13, 1996, as supplemented by a Supplemental Resolution adopted on October 21, 1996 (collectively, the "Ordinance"). Capitalized terms used herein, unless otherwise defined, shall have the meaning set forth in the Ordinance.

In that connection, we have examined originals or copies, certified or otherwise identified to our satisfaction of (i) the Ordinance, (ii) the Articles of Association and By-laws of the Bank, and (iii) such other documents and matters of law as we have deemed necessary in connection with the following opinions.

Based upon the foregoing, we are of the opinion that:

1. The Bank is a national banking association with trust powers, duly organized and validly existing under the laws of the United States of America and authorized to do business in the State of West Virginia.

2. The Bank has duly authorized the execution and delivery of the Escrow Agreement, and the Escrow Agreement, assuming due authorization, execution and delivery thereof by the other party thereto, constitutes the valid, legal and binding obligation of the Bank, enforceable in accordance with their terms subject to applicable bankruptcy, reorganization,

insolvency, or other similar laws affecting creditors' rights generally and banking corporations organized under the laws of the United States generally and to general principles of equity and the discretion of the court (regardless of whether the enforcement of such remedies is considered in a proceeding in equity or at law).

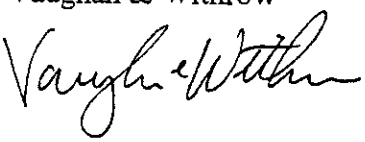
3. The acceptance by the Bank of the duties and obligations under the Escrow Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law, administrative regulation, consent decree or any agreement or other instrument to which the Bank is subject.

4. This opinion is furnished solely for the benefit of the above listed addressees and may not be relied on by any other person without our prior written consent.

5. In rendering this opinion, we express no opinion as to the applications of the laws of any other state regarding the documents referred to in this opinion, other than the State of West Virginia.

Very truly yours

Vaughan & Withrow



$1,840,000
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BONDS
SERIES 1996 A

CERTIFICATE OF ISSUER AND ESCROW TRUSTEE PURSUANT TO PARAGRAPH 7(d)(vii) OF THE BOND PURCHASE AGREEMENT

The undersigned Sam Kapourales, Mayor of The City of Williamson (the "Issuer"), and Teresa Davis, Vice President of Bank One, West Virginia, National Association (the "Escrow Trustee") hereby certify as follows in connection with the above-captioned Bonds:

We have each executed, on behalf of our respective entities, the Escrow Agreement dated November 7, 1996, among the Issuer, the Escrow Trustee and the West Virginia Municipal Bond Commission.

The funds on deposit in the Escrow Fund pursuant to said Escrow Agreement and the Government Securities acquired simultaneously with the Closing, including the interest to be earned on such Government Securities, are in an amount sufficient to discharge the Prior Bonds described in the Escrow Agreement, including the payment of all interest, premium and principal due thereon as provided by said Escrow Agreement.

The certification provided for herein is given upon the reliance by each of the undersigned upon the Verification Report dated November 7, 1996, prepared by KPMG Peat Marwick LLP, certified public accountants, and the neither of the undersigned has conducted any independent review of the matters set forth in said Verification Report.

Dated this 7th day of November, 1996.

THE CITY OF WILLIAMSON

By: _____
Mayor

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION

By: _____
Vice President

November 7, 1996

Bank One, West Virginia, National Association
P. O. Box 1113
Charleston, WV 25323

Gentlemen:

Enclosed is a "Notice of Refunding and Defeasance" pertaining to The City Williamson Waterworks and Sewer System Revenue Bonds, Series 1986, dated May 28, 1986.

The directions contained in this letter are irrevocable and are made in accordance with the provisions of the Ordinance adopted by the governing body of The City of Williamson on June 13, 1996, as supplemented on October 21, 1996, authorizing the issuance of $1,790,000 Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A, dated October 1, 1996, and the defeasance, from moneys on deposit with you, of the Series 1986 Bonds.

United States Treasury Securities have been purchased with said moneys and the interest and principal on such securities will be used solely to pay the principal of and interest on all of said 1986 Bonds, when due and payable, including the redemption price on October 1, 2001.

You are directed to send the enclosed "Notice of Refunding and Defeasance" to the West Virginia Water Development Authority as soon a practical after the closing. You are also directed to give notice of redemption of the Series 1986 Bonds in the manner provided in the ordinance authorizing such bonds.

Should you require any further information, please contact James W. Withrow, Vaughan & Withrow, 232 Capitol Street, Charleston, West Virginia 25301.

Very truly yours,

Sam Kapourales, Mayor

$1,840,000
THE CITY OF WILLIAMSON
WATERWORKS AND SEWER SYSTEM
REFUNDING REVENUE BONDS
SERIES 1996A

CERTIFICATE OF DISPOSITION OF BOND PROCEEDS
AND DIRECTIONS WITH REGARD TO TRANSFER OF FUND BALANCES

To: West Virginia Municipal Bond Commission:
Bank One, West Virginia, National Association

The City of Williamson (the "Issuer"), has this day delivered its $1,840,000 in aggregate principal amount of Waterworks and Sewer System Refunding Revenue Bonds, Series 1996A (the "Bonds"), issued pursuant to an Ordinance enacted by the Governing Body of the Issuer on June 13, 1996, and a Supplemental Resolution adopted by the Governing Body of the Issuer on October 21, 1996, (collectively herein the "Ordinance"), to the Underwriter named in the Bond Purchase Agreement dated October 21, 1996 (the "Bond Purchase Agreement") between the Issuer and said Underwriter, for the purpose of refunding at the first optional redemption date, the Issuer's Waterworks and Sewer Revenue Bonds, Series 1986 A (the "Prior Bonds") which were issued pursuant to the Original Ordinance, as amended and supplemented as more fully set forth in the Ordinance (the "Prior Ordinance"), upon payment of the purchase price of the Bonds computed as follows:

Par amount	$1,840,000.00
less: original issue discount	44,928.00
less: Underwriter's Discount	44,160.00
Purchase Price	
plus: Accrued Interest	
(October 1, 1996 - November 6, 1996)	9,774.00
Total:	$1,760,686.00

$1,521,820.11 of the proceeds of the Bonds have on the date hereof been credited to or deposited in the Escrow Fund (the "Escrow Fund") established under the Escrow Agreement dated as of November 7, 1996 (the "Escrow Agreement"), among the Issuer, the West Virginia Municipal Bond Commission (the "Commission") and Bank One, West Virginia, National Association (the "Escrow Trustee").

$1,521,820.11 of the proceeds of the sale of the Bonds, and $192,524.89 from the sinking fund created and maintained on account of the Prior Bonds shall be deposited in the Escrow Fund and $1,714,345.00 of such moneys shall be applied to the purchase of Government Securities described in Schedule B attached to the Escrow Agreement. The Escrow Trustee shall hold the Government Securities, which, together with the income to be derived from the investment of the Government Securities, will be sufficient to pay the principal of, premium and interest on the Prior Bonds as the same become due and payable and

for redemption at the first optional call date, which is October 1, 2001.

The entire proceeds of sale of the Bonds, including interest incurred thereon, and the transfer from the Reserve Account created under the Prior Resolution have been credited or deposited as follows:

(a) Into the Series 1996 A Bonds Sinking Fund held by the Commission, the amount of $9,774.00, representing interest accrued on the Bonds from October 1, 1996, through November 6, 1996;

(b) Into the Series 1996 A Bonds Reserve Account held by the Commission $129,875.00 to meet the Reserve Account Requirement for the Bonds;

(c) Into the Escrow Fund held by the Escrow Trustee $1,714,345.00, which will be used, together with certain other moneys in the Escrow Fund, to pay the principal of and interest on the Prior Bonds; and

(d) $98,653.95 have been deposited with the Depository Bank to pay costs of issuance.

The Issuer hereby confirms its direction to the Commission to transfer $192,524.89 from the sinking fund created and maintained under the Prior Resolution to the credit of the Escrow Fund.

IN WITNESS WHEREOF, we have herein set our hands and have caused the seal of the Issuer to be impressed hereon as of this 7th day of November, 1996.

THE CITY OF WILLIAMSON

Mayor

Attest:

City Clerk

VAUGHAN & WITHROW
Attorneys and Counsellors at Law

DENNIS R. VAUGHAN, JR.
JAMES W. WITHROW

SUITE 200 CAPITOL CENTRE
232 CAPITOL STREET
CHARLESTON, WEST VIRGINIA 25301

TELEPHONE (304) 342-3900
TELECOPY (304) 344-2386

November 7, 1996

The City of Williamson
P. O. Box 1517
Williamson, WV 25661

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

Re: The City of Williamson, Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A

Gentlemen:

We have acted as bond counsel with respect to $1,790,000 The City of Williamson, Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A, the proceeds of which will be used to refund $1,347489 in principal amount of The City of Williamson Waterworks and Sewer System Revenue Bonds, Series 1986 A, maturing October 1, 1997 through October 1, 2025 (the "Refunded Bonds"). We have reviewed the mathematical verification certificate of KPMG Peat Marwick, LLP dated the date hereof and the Escrow Agreement dated November 7, 1996, among the Issuer, the West Virginia Municipal Bond Commission and Bank One, West Virginia, National Association, as Escrow Trustee. We are of the opinion that 1) the Escrow Agreement has been duly authorized, executed and delivered by the parties thereto, and is enforceable by or on behalf of the West Virginia Water Development Authority as the owner of the Refunded Bonds, 2) the Escrow Agreement irrevocably pledges certain Governmental Obligations described therein to the payment of the Refunded Bonds, which pledge is not subject to modification or amendment and 3) based upon and subject to the foregoing, and in reliance thereon, as a result of all of the foregoing, the lien of the Refunded Bonds on the revenues pledged under the Prior Ordinance, pursuant to which the Refunded Bonds were issued, has been defeased pursuant to the terms of the Prior Ordinance.

Very truly yours,

Vaughan & Withrow

Vaugh & Withrow

KPMG

The Global Leader

$1,840,000
The City of Williamson, West Virginia
Waterworks and Sewer System
Revenue Refunding Bonds
Series 1996A

KPMG Peat Marwick LLP

700 Louisiana
P.O. Box 4545
Houston, TX 77210-4545

Telephone 713 224 4262
Telex 286705 PMMT UR (RCA)

Telefax 713 224 4566

November 7, 1996

The City of Williamson, West Virginia
Williamson, West Virginia

Vaughan & Withrow
Charleston, West Virginia

Wheat First Butcher Singer
Richmond, Virginia

Bowles Rice McDavid Graff & Love
Charleston, West Virginia

Bank One, West Virginia, National Association
Charleston, West Virginia

West Virginia Water Development Authority
Dunbar, West Virginia

AMBAC Indemnity Corporation
New York, New York

$1,840,000
The City of Williamson, West Virginia
Waterworks and Sewer System
Revenue Refunding Bonds
Series 1996A

The The City of Williamson, West Virginia (the "City") proposes to issue the above referenced bonds (the "Bonds") dated October 1, 1996 on November 7, 1996. The Bonds consist of $560,000 Serial Bonds and $1,280,000 Term Bonds due October 1, 2025.

A portion of the proceeds of the Bonds will be used to purchase United States Treasury Securities -- State and Local Government Series (the "Restricted Acquired Obligations") which together with the United States Treasury Securities -- State and Local Government Series to be purchased with other funds (the "Unrestricted Acquired Obligations") will be placed in an irrevocable trust together with an initial cash deposit to be used solely to refund all of the City's Waterworks and Sewer System Revenue Bonds 1986 Series A (the "Refunded Bonds") described in the Appendix and below:

Series	Original Amount Issued	Amount to be Refunded	Maturities to be Refunded	Maturities to be Optionally Redeemed	Optional Redemption Date and Price
1986	$1,402,664	$1,347,489	10-01-1997 - 10-01-2025, Inclusive	10-01-2002 - 10-01-2025, Inclusive	10-01-2001 @ 113.47708%

At your request, we have independently verified the arithmetical accuracy of the computations provided to us by Wheat First Butcher Singer which indicate: (1) the sufficiency of the receipts from the Restricted Acquired Obligations and the Unrestricted Acquired Obligations together with an initial cash deposit to pay to and at early redemption the principal, interest and early redemption premium on the Refunded Bonds; and, (2) the "yields" to be considered by bond counsel in its determination that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended. The term "yield," as used herein, means that discount rate which, when used in computing the present value of all payments of principal and interest on an obligation compounded semiannually using a 30/360-day year basis, produces an amount equal to: in the case of the Restricted Acquired Obligations, the purchase price of such securities; and, in the case of the Bonds, the Issue Price to the Public less the cost of bond insurance.

The original computations, along with certain assumptions and information, were furnished to us by Wheat First Butcher Singer on behalf of the City. We have relied solely on the assumptions and information provided to us and have not made any study or evaluation of them, except as noted below. We express no opinion on the reasonableness of the assumptions, or the likelihood that the debt service requirements of the Refunded Bonds will be paid as described in the accompanying Exhibits.

In the course of our engagement, we were furnished by Vaughan & Withrow with copies of the initial and final subscription forms for the purchase of the Restricted Acquired Obligations and the Unrestricted Acquired Obligations. We were provided by Wheat First Butcher Singer with the Official Statement for the Bonds and with a letter from PaineWebber Incorporated relating to the Refunded Bonds. We understand that the initial subscription form was filed on October 21, 1996. We compared the information contained in the schedules provided by Wheat First Butcher Singer with certain information set forth in such documents with respect to prices, principal payment dates and amounts, interest payment dates and rates, yields, and redemption dates and prices. We found that the information contained in such schedules provided to us by Wheat First Butcher Singer was in agreement with the above-mentioned information set forth in such documents. In addition, we have verified that, based upon the table of interest rates payable on United States Treasury Securities -- State and Local Government Series for use on October 21, 1996, the interest rates payable on the Restricted Acquired Obligations and the Unrestricted Acquired Obligations are at or below the maximum allowable interest rate for each maturity date.

In our opinion, based on the assumptions and information provided by Wheat First Butcher Singer on behalf of the City, the computations in the accompanying Exhibits prepared by us and comparable schedules provided to us are arithmetically accurate and indicate that:

(1) the receipts from the Restricted Acquired Obligations and the Unrestricted Acquired Obligations together with an initial cash deposit of $45.00 will be sufficient to pay to and at early redemption the principal, interest and early redemption premium on the Refunded Bonds; and,

(2) the yield of the Bonds is 5.778383% and the yield of the Restricted Acquired Obligations is 5.774373%.

The terms of our engagement are such that we have no obligation to update this report or to verify any revised computation because of events and transactions occurring subsequent to the date of this report. This report is issued solely for your information and assistance in connection with the issuance of the Bonds. This report is not to be quoted or referred to without our prior written consent.

Very truly yours,

KPMG Peat Marwick LLP

Exhibits

A. Sources and Uses of Funds
B. Escrow Cash Flow
C-1. Debt Service Requirements of the Refunded Bonds to Maturity
C-2. Debt Service Requirements of the Refunded Bonds to Early Redemption
D. Receipts from Restricted Acquired Obligations and Proof of Yield
E. Receipts from Unrestricted Acquired Obligations
F. Debt Service Requirements and Proof of Yield on the Bonds
G. Computation of Original Issue Discount

Appendix

PaineWebber Incorporated Letter

Sources and Uses of Funds

The City of Williamson, West Virginia
Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A

SOURCES	
Principal Amount of the Bonds	$1,840,000.00
Accrued Interest	9,774.00
Equity Contribution	192,524.89
	$2,042,298.89

USES	
Purchase Price of Restricted Acquired Obligations	$1,521,800.00
Purchase Price of Unrestricted Acquired Obligations	192,500.00
Initial Cash Deposit	45.00
Deposit to Debt Service Reserve Fund	129,875.00
Costs of Issuance	75,000.00
Underwriter's Discount	44,160.00
Original Issue Discount	44,928.00
Accrued Interest	9,774.00
Bond Insurance	23,653.95
Contingency	562.94
	$2,042,298.89

Escrow Cash Flow

The City of Williamson, West Virginia
Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A

Date	Beginning Cash Balance	Receipts from Restricted Acquired Obligations	Receipts from Unrestricted Acquired Obligations	Debt Service Requirements of the Refunded Bonds to Early Redemption	Ending Cash Balance
04/01/97	$45.00	$34,947.41	$30,782.70	$65,690.09	$85.02
10/01/97	$85.02	43,865.03	31,310.69	75,176.09	$84.65
04/01/98	$84.65	43,865.03	21,365.37	65,227.65	$87.40
10/01/98	$87.40	43,865.03	31,689.62	75,638.65	$3.40
04/01/99	$3.40	43,865.03	20,890.17	64,720.11	$38.49
10/01/99	$38.49	43,865.03	32,262.55	76,146.11	$19.96
04/01/00	$19.96	43,865.03	20,377.55	64,163.09	$99.45
10/01/00	$99.45	48,865.03	27,811.35	76,703.09	$72.74
04/01/01	$72.74	63,565.03		63,551.77	$86.00
10/01/01	$86.00	1,540,965.03		1,541,013.77	$37.26
		$1,951,532.68	$216,490.00	$2,168,030.42	

Debt Service Requirements of the Refunded Bonds to Maturity

The City of Williamson, West Virginia
Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A

Date	Principal*	Coupon Rate*	Early Redemption Premium**	Interest	Debt Service Requirements of the Refunded Bonds to Maturity
04/01/13				49,418.56	49,418.56
10/01/13	42,029.00	9.750%	13.47708%	49,418.56	91,447.56
04/01/14				47,369.64	47,369.64
10/01/14	46,127.00	9.750%	13.47708%	47,369.64	93,496.64
04/01/15				45,120.95	45,120.95
10/01/15	50,624.00	9.750%	13.47708%	45,120.95	95,744.95
04/01/16				42,653.03	42,653.03
10/01/16	55,560.00	9.750%	13.47708%	42,653.03	98,213.03
04/01/17				39,944.48	39,944.48
10/01/17	60,977.00	9.750%	13.47708%	39,944.48	100,921.48
04/01/18				36,971.85	36,971.85
10/01/18	66,922.00	9.750%	13.47708%	36,971.85	103,893.85
04/01/19				33,709.41	33,709.41
10/01/19	73,447.00	9.750%	13.47708%	33,709.41	107,156.41
04/01/20				30,128.87	30,128.87
10/01/20	80,608.00	9.750%	13.47708%	30,128.87	110,736.87
04/01/21				26,199.23	26,199.23
10/01/21	88,467.00	9.750%	13.47708%	26,199.23	114,666.23
04/01/22				21,886.46	21,886.46
10/01/22	97,093.00	9.750%	13.47708%	21,886.46	118,979.46
04/01/23				17,153.18	17,153.18
10/01/23	106,559.00	9.750%	13.47708%	17,153.18	123,712.18
04/01/24				11,958.42	11,958.42
10/01/24	116,949.00	9.750%	13.47708%	11,958.42	128,907.42
04/01/25				6,257.16	6,257.16
10/01/25	128,352.00	9.750%	13.47708%	6,257.16	134,609.16
	$1,347,489.00			$2,737,623.04	$4,085,112.04

* Per PaineWebber Incorporated letter.

** Early redemption price, as provided by Wheat First Butcher Singer.

Debt Service Requirements of the Refunded Bonds to Maturity

The City of Williamson, West Virginia
Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A

Date	Principal*	Coupon Rate*	Early Redemption Premium**	Interest	Debt Service Requirements of the Refunded Bonds to Maturity
04/01/97				$65,690.09	$65,690.09
10/01/97	$9,486.00	9.750%		65,690.09	75,176.09
04/01/98				65,227.65	65,227.65
10/01/98	10,411.00	9.750%		65,227.65	75,638.65
04/01/99				64,720.11	64,720.11
10/01/99	11,426.00	9.750%		64,720.11	76,146.11
04/01/00				64,163.09	64,163.09
10/01/00	12,540.00	9.750%		64,163.09	76,703.09
04/01/01				63,551.77	63,551.77
10/01/01	13,762.00	9.750%		63,551.77	77,313.77
04/01/02				62,880.87	62,880.87
10/01/02	15,104.00	9.750%	13.47708%	62,880.87	77,984.87
04/01/03				62,144.55	62,144.55
10/01/03	16,577.00	9.750%	13.47708%	62,144.55	78,721.55
04/01/04				61,336.42	61,336.42
10/01/04	18,193.00	9.750%	13.47708%	61,336.42	79,529.42
04/01/05				60,449.51	60,449.51
10/01/05	19,967.00	9.750%	13.47708%	60,449.51	80,416.51
04/01/06				59,476.12	59,476.12
10/01/06	21,914.00	9.750%	13.47708%	59,476.12	81,390.12
04/01/07				58,407.81	58,407.81
10/01/07	24,050.00	9.750%	13.47708%	58,407.81	82,457.81
04/01/08				57,235.38	57,235.38
10/01/08	26,395.00	9.750%	13.47708%	57,235.38	83,630.38
04/01/09				55,948.62	55,948.62
10/01/09	28,969.00	9.750%	13.47708%	55,948.62	84,917.62
04/01/10				54,536.38	54,536.38
10/01/10	31,793.00	9.750%	13.47708%	54,536.38	86,329.38
04/01/11				52,986.47	52,986.47
10/01/11	34,893.00	9.750%	13.47708%	52,986.47	87,879.47
04/01/12				51,285.44	51,285.44
10/01/12	38,295.00	9.750%	13.47708%	51,285.44	89,580.44

Debt Service Requirements of the Refunded Bonds to Early Redemption

The City of Williamson, West Virginia
Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A

Date	Principal	Coupon Rate	Early Redemption Premium	Interest	Debt Service Requirements of the Refunded Bonds to Early Redemption
04/01/97				$65,690.09	$65,690.09
10/01/97	$9,486.00	9.750%		65,690.09	75,176.09
04/01/98				65,227.65	65,227.65
10/01/98	10,411.00	9.750%		65,227.65	75,638.65
04/01/99				64,720.11	64,720.11
10/01/99	11,426.00	9.750%		64,720.11	76,146.11
04/01/00				64,163.09	64,163.09
10/01/00	12,540.00	9.750%		64,163.09	76,703.09
04/01/01				63,551.77	63,551.77
10/01/01*	1,303,626.00	9.750%	$173,836.00	63,551.77	1,541,013.77
	$1,347,489.00		$173,836.00	$646,705.42	$2,168,030.42

* The Refunded Bonds are callable for early redemption on October 1, 2001 and at an early redemption premium such that the called principal and early redemption premium total $1,463,700.00 per the PaineWebber Incorporated letter.

Receipts from Restricted Acquired Obligations and Proof of Yield

The City of Williamson, West Virginia
Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A

Date	Principal	Coupon Rate	Interest	Receipts from Restricted Acquired Obligations	Present Value of Future Receipts at 11/07/96 Using a Rate of 5.774373%
04/01/97			$34,947.41	$34,947.41	$34,160.64
10/01/97			43,865.03	43,865.03	41,674.28
04/01/98			43,865.03	43,865.03	40,504.83
10/01/98			43,865.03	43,865.03	39,368.20
04/01/99			43,865.03	43,865.03	38,263.46
10/01/99			43,865.03	43,865.03	37,189.72
04/01/00			43,865.03	43,865.03	36,146.12
10/01/00	$5,000.00	0.000%	43,865.03	48,865.03	39,136.33
04/01/01	19,700.00	0.000%	43,865.03	63,565.03	49,481.05
10/01/01	1,497,100.00	5.860%	43,865.03	1,540,965.03	1,165,875.37
	$1,521,800.00		$429,732.68	$1,951,532.68	$1,521,800.00

Receipts from Unrestricted Acquired Obligations

The City of Williamson, West Virginia
Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A

Date	Principal	Coupon Rate	Interest	Receipts from Unrestricted Acquired Obligations
04/01/97	$27,000.00	5.070%	$3,782.70	$30,782.70
10/01/97	26,000.00	5.330%	5,310.69	31,310.69
04/01/98	17,300.00	5.500%	4,065.37	21,365.37
10/01/98	28,100.00	5.690%	3,589.62	31,689.62
04/01/99	18,100.00	5.830%	2,790.17	20,890.17
10/01/99	30,000.00	5.900%	2,262.55	32,262.55
04/01/00	19,000.00	5.960%	1,377.55	20,377.55
10/01/00	27,000.00	6.010%	811.35	27,811.35
	$192,500.00		$23,990.00	$216,490.00

Debt Service Requirements and Proof of Yield on the Bonds

The City of Williamson, West Virginia
Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A

	$560,000 Serial Bonds			$1,280,000 Term Bonds @ 5.500% due 10-01-2025		Debt Service Requirements of the Bonds	Present Value of Future Payments at 11/07/96 Using a Rate of 5.778383%
Date	Principal	Coupon Rate	Interest	Principal	Interest		
04/01/97			$13,670.00		$35,200.00	$48,870.00	$47,769.04
10/01/97	$30,000.00	3.800%	13,670.00		35,200.00	78,870.00	74,928.37
04/01/98			13,100.00		35,200.00	48,300.00	44,597.63
10/01/98	30,000.00	4.100%	13,100.00		35,200.00	78,300.00	70,267.85
04/01/99			12,485.00		35,200.00	47,685.00	41,591.73
10/01/99	30,000.00	4.300%	12,485.00		35,200.00	77,685.00	65,855.58
04/01/00			11,840.00		35,200.00	47,040.00	38,757.25
10/01/00	35,000.00	4.450%	11,840.00		35,200.00	82,040.00	65,696.40
04/01/01			11,061.25		35,200.00	46,261.25	36,005.06
10/01/01	35,000.00	4.550%	11,061.25		35,200.00	81,261.25	61,469.53
04/01/02			10,265.00		35,200.00	45,465.00	33,425.96
10/01/02	35,000.00	4.700%	10,265.00		35,200.00	80,465.00	57,496.83
04/01/03			9,442.50		35,200.00	44,642.50	31,003.85
10/01/03	40,000.00	4.800%	9,442.50		35,200.00	84,642.50	57,132.85
04/01/04			8,482.50		35,200.00	43,682.50	28,657.29
10/01/04	40,000.00	4.900%	8,482.50		35,200.00	83,682.50	53,357.14
04/01/05			7,502.50		35,200.00	42,702.50	26,463.14
10/01/05	40,000.00	5.000%	7,502.50		35,200.00	82,702.50	49,812.35
04/01/06			6,502.50		35,200.00	41,702.50	24,412.41
10/01/06	45,000.00	5.100%	6,502.50		35,200.00	86,702.50	49,329.93
04/01/07			5,355.00		35,200.00	40,555.00	22,426.09
10/01/07	45,000.00	5.250%	5,355.00		35,200.00	85,555.00	45,981.67
04/01/08			4,173.75		35,200.00	39,373.75	20,567.26
10/01/08	50,000.00	5.300%	4,173.75		35,200.00	89,373.75	45,374.29
04/01/09			2,848.75		35,200.00	38,048.75	18,774.59
10/01/09	50,000.00	5.400%	2,848.75		35,200.00	88,048.75	42,226.35
04/01/10			1,498.75		35,200.00	36,698.75	17,105.74
10/01/10	55,000.00	5.450%	1,498.75		35,200.00	91,698.75	41,541.70
04/01/11					35,200.00	35,200.00	15,498.65
10/01/11				$55,000.00	35,200.00	90,200.00	38,600.05
04/01/12					33,687.50	33,687.50	14,011.36
10/01/12				60,000.00	33,687.50	93,687.50	37,872.46
04/01/13					32,037.50	32,037.50	12,587.24
10/01/13				65,000.00	32,037.50	97,037.50	37,054.58
04/01/14					30,250.00	30,250.00	11,226.85
10/01/14				65,000.00	30,250.00	95,250.00	34,357.99
04/01/15					28,462.50	28,462.50	9,978.52

Debt Service Requirements and Proof of Yield on the Bonds

The City of Williamson, West Virginia
Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A

	$560,000 Serial Bonds			$1,280,000 Term Bonds @ 5.500% due 10-01-2025		Debt Service Requirements of the Bonds	Present Value of Future Payments at 11/07/96 Using a Rate of 5.778383%
Date	Principal	Coupon Rate	Interest	Principal	Interest		
10/01/15				70,000.00	28,462.50	98,462.50	33,550.13
04/01/16					26,537.50	26,537.50	8,788.48
10/01/16				75,000.00	26,537.50	101,537.50	32,682.12
04/01/17					24,475.00	24,475.00	7,656.61
10/01/17				80,000.00	24,475.00	104,475.00	31,765.57
04/01/18					22,275.00	22,275.00	6,582.52
10/01/18				85,000.00	22,275.00	107,275.00	30,810.82
04/01/19					19,937.50	19,937.50	5,565.52
10/01/19				90,000.00	19,937.50	109,937.50	29,827.11
04/01/20					17,462.50	17,462.50	4,604.71
10/01/20				90,000.00	17,462.50	107,462.50	27,541.19
04/01/21					14,987.50	14,987.50	3,733.23
10/01/21				95,000.00	14,987.50	109,987.50	26,627.45
04/01/22					12,375.00	12,375.00	2,911.80
10/01/22				105,000.00	12,375.00	117,375.00	26,842.46
04/01/23					9,487.50	9,487.50	2,108.77
10/01/23				110,000.00	9,487.50	119,487.50	25,812.48
04/01/24					6,462.50	6,462.50	1,356.87
10/01/24				115,000.00	6,462.50	121,462.50	24,786.20
04/01/25					3,300.00	3,300.00	654.50
10/01/25				120,000.00	3,300.00	123,300.00	23,767.93
	$560,000.00		$236,455.00	$1,280,000.00	$1,619,475.00	$3,695,930.00	$1,781,192.05

Principal Amount of the Bonds	$1,840,000.00
Accrued Interest	9,774.00
Bond Insurance	(23,653.95)
Original Issue Discount	(44,928.00)
	$1,781,192.05

Computation of Original Issue Discount

The City of Williamson, West Virginia
Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A

Date	Principal	Coupon Rate	Yield	Price	Purchase Price	Accrued Interest	Original Issue Discount
10/01/97	$30,000.00	3.800%	3.797%	100.000%	$30,000.00	$114.00	$0.00
10/01/98	30,000.00	4.100%	4.098%	100.000%	30,000.00	123.00	0.00
10/01/99	30,000.00	4.300%	4.299%	100.000%	30,000.00	129.00	0.00
10/01/00	35,000.00	4.450%	4.449%	100.000%	35,000.00	155.75	0.00
10/01/01	35,000.00	4.550%	4.549%	100.000%	35,000.00	159.25	0.00
10/01/02	35,000.00	4.700%	4.699%	100.000%	35,000.00	164.50	0.00
10/01/03	40,000.00	4.800%	4.799%	100.000%	40,000.00	192.00	0.00
10/01/04	40,000.00	4.900%	4.899%	100.000%	40,000.00	196.00	0.00
10/01/05	40,000.00	5.000%	4.999%	100.000%	40,000.00	200.00	0.00
10/01/06	45,000.00	5.100%	5.099%	100.000%	45,000.00	229.50	0.00
10/01/07	45,000.00	5.250%	5.249%	100.000%	45,000.00	236.25	0.00
10/01/08	50,000.00	5.300%	5.299%	100.000%	50,000.00	265.00	0.00
10/01/09	50,000.00	5.400%	5.399%	100.000%	50,000.00	270.00	0.00
10/01/10	55,000.00	5.450%	5.449%	100.000%	55,000.00	299.75	0.00
10/01/25	1,280,000.00	5.500%	5.750%	96.490%	1,235,072.00	7,040.00	(44,928.00)
	$1,840,000.00				$1,795,072.00	$9,774.00	($44,928.00)

Appendix

Municipal Securities Group

PaineWebber Incorporated
The PaineWebber Tower
181 West Madison Street
Chicago, IL 60602
312 683-6309
312 683-6456 Fax

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WV DEVELOPMENT AUTHORITY

PaineWebber

October 11, 1996

Mr. Daniel B. Yonkosky
Director
West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Re: Refunding or Defeasing Williamson Utility Board's 1986 Series A and B Bonds

Dear Director Yonkosky:

We understand that the Williamson Utility Board (the "Board") has indicated an interest in refinancing its 1986 Series A and B Sewer Bonds.

You have asked for a calculation of what the Authority would require in cash payment today that would permit the Authority to terminate the Local Agency Agreement with the Board. The following is a discussion of the methodology we employed to make that calculation.

Refunding the Williamson Utility Board's Loan

The Board's 1986 Series A $1,402,664 loan at 9.75% was originated from the proceeds of the Authority's 1985 Series A Bonds. Those bonds were subsequently refunded by the 1991 Series A Bonds. Therefore, the Board's loan is now associated with the 1991 Series A Bonds. The calculation of the amount required today to defease the Board's obligation to the Authority must take into account the outstanding $60,555,000 1991 Series A Bonds dated April 1, 1991. In order to maintain balance between the Authority's receipts from local loans and the debt service required on its 1991 Series A Bonds, the lump sum payment from the Board should be sufficient to purchase a portfolio of government obligations that will provide a stream of payments to the Authority sufficient to;

(1) Provide the Authority with receipts equivalent to the Board's scheduled payments of principal and interest to the Authority due April 1, 1997 through and including October 1, 2001; and

(2) Provide an amount sufficient to call the portion of the Authority's 1991 Series A Bonds attributable to the Board's loan, on November 1, 2001 at a call price of 102%. (See page 2 of attached schedules.)

The amount required to purchase such an escrow that will defease the Board's loan is approximately $1,636,941 assuming an average investment yield of 6.25% for the government securities necessary to meet the escrow requirements (see page 4 of schedules.) The estimated escrow yield of 6.25% assumes that the escrow is invested in open market U.S. Government securities. Please note that the yield limit on the Board's escrow will be determined by their borrowing costs, if any, related to the refinancing. If the Board's borrowing costs are lower than 6.25%, the yield allowed on the escrows will be lower and the required escrow deposits will be larger than that estimated on page 4. Conversely, if the Board is financing the escrow deposit with non-tax exempt bond proceeds, then the yield limit on the escrow will be determined by the market.

You will notice that the actual cash pay-off amount that would enable the Authority to remain whole regarding cashflows from the refinanced loan is larger than the original loan amount. This is due to several factors:

(1) *Combined Defeasance/Advance Refunding* – Only a portion of the Board's outstanding Series A loan will be subject to optional redemption: those payments currently scheduled to be made after November 1, 2001.

(2) *Call Premium* – The 1991 Series A Bonds attributable to the Board's loan would have to be called for redemption on November 1, 2001, at a price of 102% of par.

(3) *Rounding Factor* – The Bonds attributable to the Board's loan must be rounded up to the nearest $5,000 increment, since the Authority's Bonds are sold in $5,000 increments.

With regard to the zero-interest Series B Bonds, the amount required to retire this obligation is the current outstanding principal balance of $532,909. This brings the estimated total to defease the Board's obligations to the Authority to approximately $2,171,850.

The calculations presented in the attached spreadsheets and discussed herein assume a theoretical transaction date of November 1, 1996. Any actual transaction will require actual dates and current escrow investment rates for the escrow portfolio. The amounts presented here provide you with a good estimate of the final pay-off cost to the Board.

Please let us know if we can provide additional calculations or be of any other assistance to the Authority.

Sincerely,

Jocelyn Mortensen
Vice President

cc: Jackson & Kelly
Ferris, Baker Watts, Incorporated

West Virginia Water Development Authority
Local Bonds Payments
WILLIAMSON UTILITY BOARD

DEBT SERVICE REPORT

Date	Principal	Coupon	Interest	Total	Outstanding Principal
10/1/96	0.00	9.75%	46,726.24	46,726.24	1,402,664.00
10/1/97	0.00	9.75%	136,759.74	136,759.74	1,402,664.00
10/1/98	4,106.00	9.75%	136,759.74	140,865.74	1,398,558.00
10/1/99	4,506.00	9.75%	136,359.41	140,865.41	1,394,052.00
10/1/00	4,946.00	9.75%	135,920.07	140,866.07	1,389,106.00
10/1/01	5,428.00	9.75%	135,437.84	140,865.84	1,383,678.00
10/1/02	5,957.00	9.75%	134,908.61	140,865.61	1,377,721.00
10/1/03	6,536.00	9.75%	134,327.80	140,865.80	1,371,183.00
10/1/04	7,176.00	9.75%	133,690.34	140,866.34	1,364,007.00
10/1/05	7,875.00	9.75%	132,990.68	140,865.68	1,356,132.00
10/1/06	8,643.00	9.75%	132,222.87	140,865.87	1,347,489.00
10/1/07	9,486.00	9.75%	131,380.18	140,866.18	1,338,003.00
10/1/08	10,411.00	9.75%	130,456.29	140,866.29	1,327,592.00
10/1/09	11,426.00	9.75%	129,440.22	140,866.22	1,316,166.00
10/1/00	12,540.00	9.75%	128,326.19	140,866.19	1,303,626.00
10/1/01	13,762.00	9.75%	127,103.54	140,865.54	1,289,864.00
10/1/02	15,104.00	9.75%	125,781.74	140,865.74	1,274,760.00
10/1/03	16,577.00	9.75%	124,289.10	140,866.10	1,258,183.00
10/1/04	18,193.00	9.75%	122,672.84	140,865.84	1,239,990.00
10/1/05	19,967.00	9.75%	120,898.03	140,865.03	1,220,023.00
10/1/06	21,914.00	9.75%	118,952.24	140,866.24	1,198,109.00
10/1/07	24,050.00	9.75%	116,815.83	140,865.83	1,174,059.00
10/1/08	26,395.00	9.75%	114,470.75	140,865.75	1,147,664.00
10/1/09	28,969.00	9.75%	111,897.24	140,866.24	1,118,695.00
10/1/10	31,793.00	9.75%	109,072.76	140,865.76	1,086,902.00
10/1/11	34,883.00	9.75%	105,972.95	140,865.95	1,052,019.00
10/1/12	38,295.00	9.75%	102,570.88	140,865.88	1,013,714.00
10/1/13	42,029.00	9.75%	98,837.12	140,866.12	971,685.00
10/1/14	46,127.00	9.75%	94,739.29	140,866.29	925,558.00
10/1/15	50,624.00	9.75%	90,241.91	140,865.91	874,934.00
10/1/16	55,560.00	9.75%	85,306.07	140,866.07	819,374.00
10/1/17	60,977.00	9.75%	79,888.97	140,865.97	758,397.00
10/1/18	66,922.00	9.75%	73,943.71	140,865.71	691,475.00
10/1/19	73,447.00	9.75%	67,418.81	140,865.81	618,028.00
10/1/20	80,608.00	9.75%	60,257.73	140,865.73	537,420.00
10/1/21	88,467.00	9.75%	52,398.45	140,865.45	448,953.00
10/1/22	97,093.00	9.75%	43,772.92	140,865.92	351,860.00
10/1/23	106,559.00	9.75%	34,306.35	140,865.35	245,301.00
10/1/24	116,949.00	9.75%	23,916.85	140,865.85	128,352.00
10/1/25	128,352.00	9.75%	12,614.32	140,866.32	0.00
	1,402,664.00		4,133,726.42	5,536,390.42	

West Virginia Water Development Authority
Local Bonds Payments
WILLIAMSON UTILITY BOARD

CALCULATION OF PROPORTIONATE SHARE OF SERIES 1991 BONDS

Par Amount of Series 1991 Bonds outstanding as of 11/1/2001: (11/1/2002 through 11/1/2025 maturities)	$44,580,000
Less Capital Reserve Fund Bonds	(855,000)
Net Series 1991 Bonds outstanding:	$43,725,000
Par amount of Prior Bonds and Local Loans outstanding as of 11/1/2001: (local loans associated with the Series 1991 Bonds; includes maturities from 10/1/2002 through 10/1/2026)	$39,312,977
Ratio of WDA Debt to Local Bonds = $43,725,000/$39,312,977 =	1.112228158
Williamson Utility Board Interest Bearing Loan outstanding 10/1/2001: (10/1/2002 through 10/1/2025 maturities)	$1,289,864
Proportionate share of WDA Bonds associated with Williamson Utility Board = $1,289,864 x 1.112228158 =	$1,434,623
Rounded to Nearest $5,000 Increment:	$1,435,000

West Virginia Water Development Authority
Local Bonds Payments
WILLIAMSON UTILITY BOARD

CALCULATION OF DEFEASANCE REQUIREMENTS

		Escrow Requirements			
Date	Current Debt Service	Debt Service to Call	Bonds Called	102% Call Premium	Total Requirement
5/1/97	65,690.09	65,690.09			65,690.09
11/1/97	75,176.09	75,176.09			75,176.09
5/1/98	65,227.85	65,227.85			65,227.85
11/1/98	75,638.85	75,638.85			75,638.85
5/1/99	64,720.11	64,720.11			64,720.11
11/1/99	76,146.11	76,146.11			76,146.11
5/1/00	64,163.10	64,163.10			64,163.10
11/1/00	76,703.10	76,703.10			76,703.10
5/1/01	63,551.77	63,551.77			63,551.77
11/1/01	77,313.77	77,313.77	1,435,000.00	28,700.00	1,541,013.77
	704,330.42	704,330.42	1,435,000.00	28,700.00	2,168,030.42

West Virginia Water Development Authority
Local Bonds Payments
WILLIAMSON UTILITY BOARD

APPROXIMATE ESCROW COST SENSITIVITY ANALYSIS

Date	Escrow Requirement	Present Value Escrow Requirement as of 11/1/96										
		5.00%	5.25%	5.50%	5.75%	6.00%	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%
5/1/97	65,690.09	64,088	64,010	63,932	63,854	63,777	63,699	63,622	63,545	63,468	63,392	63,316
11/1/97	75,176.09	71,554	71,379	71,206	71,033	70,861	70,689	70,518	70,348	70,178	70,008	69,840
5/1/98	65,227.65	60,570	60,349	60,129	59,910	59,693	59,476	59,260	59,045	58,832	58,619	58,407
11/1/98	75,638.65	68,525	68,182	67,860	67,531	67,204	66,879	66,555	66,234	65,915	65,597	65,282
5/1/99	64,720.11	57,203	56,856	56,511	56,168	55,826	55,491	55,158	54,823	54,493	54,165	53,839
11/1/99	76,146.11	65,861	65,182	64,706	64,238	63,771	63,309	62,850	62,396	61,945	61,498	61,055
5/1/00	64,163.10	53,978	53,520	53,066	52,618	52,170	51,729	51,293	50,860	50,432	50,007	49,587
11/1/00	76,703.10	62,954	62,343	61,739	61,141	60,550	59,965	59,387	58,815	58,249	57,689	57,136
5/1/01	63,551.77	50,886	50,333	49,784	49,242	48,707	48,178	47,656	47,140	46,630	46,126	45,628
11/1/01	1,541,013.77	1,203,837	1,189,255	1,174,866	1,160,668	1,146,659	1,132,838	1,119,195	1,105,736	1,092,454	1,079,347	1,066,413
	2,168,030.42	1,759,258	1,741,418	1,723,800	1,706,402	1,689,220	1,672,251	[redacted]			1,606,449	1,590,503

Approx. Current Market

Average Life of Escrow = 4.28 years
Approximate Current Yield is 4.28 years = 6.25%

AMBAC Municipal Bond Insurance Policy

AMBAC Indemnity Corporation
c/o CT Corporation Systems
44 East Mifflin St., Madison, Wisconsin 53703
Administrative Office:
One State Street Plaza, New York, NY 10004
Telephone: (212) 668-0340

Issuer: THE CITY OF WILLIAMSON, WEST VIRGINIA

Policy Number: 13343BE

Bonds:

$1,840,000 Waterworks and Sewer System Revenue Refunding Bonds Series 1996A, dated October 1, 1996; consisting of: $560,000 in aggregate principal amount of Serial Bonds maturing on October 1 in the years 1997 through 2010, both inclusive; and (AS FURTHER DESCRIBED ON THE REVERSE HEREOF:)

Premium: $23,653.95

AMBAC Indemnity Corporation (AMBAC) A Wisconsin Stock Insurance Company

in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to the United States Trust Company of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal of and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AMBAC will make such payments to the Insurance Trustee within one (1) business day following notification to AMBAC of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appurtenant coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, AMBAC shall become the owner of the surrendered Bonds and coupons and shall be fully subrogated to all of the Bondholder's rights to payment.

In cases where the Bonds are issuable only in a form whereby principal is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse principal to a Bondholder as aforesaid only upon presentation and surrender to the Insurance Trustee of the unpaid Bond, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the Bondholder or such Bondholder's duly authorized representative, so as to permit ownership of such Bond to be registered in the name of AMBAC or its nominee. In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse interest to a Bondholder as aforesaid only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Bond and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the claimant Bondholder or such Bondholder's duly authorized representative, transferring to AMBAC all rights under such Bond to receive the interest in respect of which the insurance disbursement was made. AMBAC shall be subrogated to all the Bondholders' rights to payment on registered Bonds to the extent of the insurance disbursements so made.

In the event the trustee or paying agent for the Bonds has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer of the Bonds has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from AMBAC to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Bondholder" means any person other than the Issuer who, at the time of Nonpayment, is the owner of a Bond or of a coupon appertaining to a Bond. As used herein, "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal of and interest on the Bonds which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of AMBAC, nor against any risk other than Nonpayment.

In witness whereof, AMBAC has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon AMBAC by virtue of the countersignature of its duly authorized representative.

President

AMBAC INDEMNITY CORPORATION CORPORATE SEAL WISCONSIN

Secretary

Effective Date: November 7, 1996

Authorized Representative

UNITED STATES TRUST COMPANY OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer

PATTERSON, BELL & CRAIG CO.
BY
LICENSED RESIDENT AGENT

Form # (6-0003 (8/92)

A-6350

Bonds: $1,280,000 in aggregate principal amount of Term Bonds maturing on October 1, 2025. The Paying Agent is Bank One, West Virginia, National Association, Charleston, West Virginia.

The undersigned hereby certifies that this document is a true and correct copy of the Municipal Bond Insurance Policy, Policy No. 133436 issued by AMBAC INDEMNITY CORPORATION.

Date October 31 19 97

Assistant Secretary

AMBAC Indemnity Corporation
One State Street Plaza
New York, New York 10004
(212) 668-0340 Fax (212) 509-9190

November 7, 1996

The City of Williamson, West Virginia
107 East 4th Avenue
Williamson, WV 25661

Vaughan & Withrow
232 Capitol Street
Charleston, WV 25301

Wheat First Securities Inc.
500 Virginia Street East
Charleston, WV 25301

Ladies and Gentlemen:

This opinion has been requested of the undersigned, a Vice President and an Assistant General Counsel of AMBAC Indemnity Corporation, a Wisconsin stock insurance company ("AMBAC Indemnity"), in connection with the issuance by AMBAC Indemnity of a certain Municipal Bond Insurance Policy, effective as of the date hereof (the "Policy"), insuring $1,840,000 in aggregate principal amount of The City of Williamson, West Virginia (the "Issuer"), Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A, dated October 1, 1996 (the "Bonds").

In connection with my opinion herein, I have examined the Policy, such statutes, documents and proceedings as I have considered necessary or appropriate under the circumstances to render the following opinion, including, without limiting the generality of the foregoing, certain statements contained in the Official Statement of the Issuer dated October 21, 1996 relating to the Bonds (the "Official Statement") under the headings "BOND INSURANCE" and "APPENDIX E - FORM OF BOND INSURANCE POLICY".

Based upon the foregoing and having regard to legal considerations I deem relevant, I am of the opinion that:

1. AMBAC Indemnity is a stock insurance company duly organized and validly existing under the laws of the State of Wisconsin and duly qualified to conduct an insurance business in the State of Virginia.

2. AMBAC Indemnity has full corporate power and authority to execute and deliver the Policy and the Policy has been duly authorized, executed and delivered by AMBAC Indemnity and constitutes a legal, valid and binding obligation of AMBAC Indemnity enforceable in accordance with its terms except to the extent that the enforceability (but not the validity) of such obligation may be limited by any applicable bankruptcy, insolvency, liquidation, rehabilitation or other similar law or enactment now or hereafter enacted affecting the enforcement of creditors' rights.

3. The execution and delivery by AMBAC Indemnity of the Policy will not, and the consummation of the transactions contemplated thereby and the satisfaction of the terms thereof will not, conflict with or result in a breach of any of the terms, conditions or provisions of the Certificate of Incorporation or By-Laws of AMBAC Indemnity, or any restriction contained in any contract, agreement or instrument to which AMBAC Indemnity is a party or by which it is bound or constitute a default under any of the foregoing.

4. Proceedings legally required for the issuance of the Policy have been taken by AMBAC Indemnity and licenses, orders, consents or other authorizations or approvals of any governmental boards or bodies legally required for the enforceability of the Policy have been obtained; any proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy.

5. The statements contained in the Official Statement under the heading "BOND INSURANCE", insofar as such statements constitute summaries of the matters referred to therein, accurately reflect and fairly present the information purported to be shown and, insofar as such statements describe AMBAC Inc. and AMBAC Indemnity, fairly and accurately describe AMBAC Inc. and AMBAC Indemnity.

6. The form of Policy contained in the Official Statement under the heading "APPENDIX E - FORM OF BOND INSURANCE POLICY" is a true and complete copy of the form of Policy.

The opinions expressed herein are solely for your benefit, and may not be relied upon by any other person.

Very truly yours,

Mary P. McKeon
Vice President and
Assistant General Counsel

/kd

CERTIFICATE OF BOND INSURER

In connection with the issuance of $1,840,000 in aggregate principal amount of The City of Williamson, West Virginia (the "Issuer"), Waterworks and Sewer System Revenue Refunding Bonds, Series 1996A, dated October 1, 1996 (the "Bonds"), AMBAC Indemnity Corporation ("AMBAC") is issuing a municipal bond insurance policy (the "Insurance Policy") guaranteeing the payment of principal and interest when due on the Bonds, all as more fully set out in the Insurance Policy.

On behalf of AMBAC, the undersigned hereby certifies that:

(i) the Insurance Policy is an unconditional and recourse obligation of AMBAC (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled payments of interest and principal on the Bonds in the event of a Nonpayment as defined in the Insurance Policy;

(ii) the insurance premium of $23,653.95 was determined in arm's length negotiations in accordance with our standard procedures, is required to be paid as a condition to the issuance of the Insurance Policy and represents a reasonable charge for the transfer of credit risk;

(iii) no portion of such premium represents a payment for any direct or indirect services other than the transfer of credit risk, including costs of underwriting or remarketing the Bonds or the cost of insurance for casualty of Bond financed property;

(iv) we are not co-obligors on the Bonds and do not reasonably expect that we will be called upon to make any payment under the Insurance Policy;

(v) the Issuer is not entitled to a refund of any portion of premium for the Insurance Policy in the event that the Bonds are retired prior to their stated maturity; and

(vi) we would not have issued the Insurance Policy in the absence of a debt service reserve fund of the size and type established by the documents pursuant to which the Bonds are being issued, and it is normal and customary to require a debt service reserve fund of such a size and type in similar transactions.

IN WITNESS WHEREOF, AMBAC Indemnity Corporation has caused this certificate to be executed in its name on this 7th day of November, 1996, by one of its officers duly authorized as of such date.

AMBAC INDEMNITY CORPORATION

By _____
Mary P. McKeon
Vice President and
Assistant General Counsel

VAUGHAN & WITHROW
Attorneys and Counsellors at Law

DENNIS R. VAUGHAN, JR.
JAMES W. WITHROW

SUITE 200 CAPITOL CENTRE
232 CAPITOL STREET
CHARLESTON, WEST VIRGINIA 25301

TELEPHONE (304) 342-3900
TELECOPY (304) 344-2386

November 7, 1996

AMBAC Indemnity Corporation
One State Street Plaza
New York, NY 10004

Re: $1,840,000 The City of Williamson Waterworks and Sewer System Refunding Revenue Bonds, Series 1996 A

Gentlemen:

We deliver to you herewith our legal opinion addressed to The City of Williamson dated the date hereof relating to the above referenced series of bonds.

You may rely on such opinion as if the same was addressed to you in the first instance.

Very truly yours,

Vaughan & Withrow

Vaughan & Withrow