PRESTON COUNTY PUBLIC SERVICE DISTRICT #1
WATER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
AND
WATER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA DWTRF PROGRAM)

DATE OF CLOSING: JULY 12, 2007

BONDS TRANSCRIPT

STEPTOE & JOHNSON PLLC

John C. Stump, Esquire
707 Virginia Street, East
Bank One Center, Seventh Floor
Charleston, WV 25326
(304)353-8196
john.stump@steptoe-johnson.com

Vincent A. Collins, Esquire
1085 Van Voorhis Road
United Center, Suite 400
Morgantown, WV 26505
(304)598-8161
vincent.collins@steptoe-johnson.com

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution
2. Supplemental Resolution
3. Infrastructure Council Loan Agreement
4. DWTRF Loan Agreement
5. Public Service Commission Orders
6. Infrastructure Council Approval
7. Cross-Receipt for Bonds and Bond Proceeds
8. Direction to Authenticate and Deliver Bonds
9. Specimen Series 2007 A Bond
10. Specimen Series 2007 B Bond

OPINIONS OF COUNSEL

11. Approving Opinion on Series 2007 A Bond of Steptoe & Johnson PLLC, Bond Counsel
12. Approving Opinion on Series 2007 B Bond of Steptoe & Johnson PLLC, Bond Counsel
13. Opinion of Counsel to Issuer

14. Title Opinion

CERTIFICATES

15. General Certificate of Issuer and Attorney

16. Certificate of Engineer, with Schedule B Attached

17. Certificate as to the Use of Proceeds

18. Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

19. County Commission Orders on Creation and Expansion of District

20. County Commission Orders Appointing Current Boardmembers

21. Oaths of Office of Current Boardmembers

22. Rules of Procedure

23. Affidavit of Publication of Filing

24. Minutes of Current Year Organizational Meeting

25. Excerpts of Minutes on Adoption of Bond Resolution and Supplemental Resolution

26. Municipal Bond Commission New Issue Reports
    A. Series 2007 A
    B. Series 2007 B

MISCELLANEOUS DOCUMENTS

27. Acceptance of Appointment as Depository Bank

28. Acceptance of Duties as Registrar

29. Certificate of Registration of Bonds

30. Registrar's Agreement

31. Closing Memorandum

32. Consent of Rural Utilities Service to Issuance of Parity Bonds

33. Environmental Health Services Permit

34. A) 1972 Bond Resolution
    B) 1974 Bond Resolution
    C) 1995 Bond Resolution
    D) Supplemental Resolution to Series 1972, Series 1974 and Series 1995 Bonds

35. Evidence of Insurance

36. Evidence of Small Cities Block Grant

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM)

BOND RESOLUTION

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01 Authority for this Resolution
Section 1.02 Findings
Section 1.03 Bond Legislation Constitutes Contract
Section 1.04 Definitions

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01 Authorization of Acquisition and Construction of the Project

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01 Authorization of Bonds
Section 3.02 Terms of Bonds
Section 3.03 Execution of Bonds

Section 3.04 Authentication and Registration
Section 3.05 Negotiability, Transfer and Registration
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07 Bonds not to be Indebtedness of the Issuer
Section 3.08 Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds
Section 3.09 Delivery of Bonds
Section 3.10 Form of Bonds
FORM OF SERIES 2007 A BOND
FORM OF SERIES 2007 B BOND
Section 3.11 Sale of Bonds; Approval and Ratification of Execution of Loan Agreement
Section 3.12 Filing of Amended Schedule

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01 Establishment of Funds and Accounts with Depository Bank
Section 5.02 Establishment of Funds and Accounts with Commission
Section 5.03 System Revenues; Flow of Funds

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02 Disbursements From the Bond Construction Trust Funds

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01 General Covenants of the Issuer
Section 7.02 Bonds not to be Indebtedness of the Issuer
Section 7.03 Bonds Secured by Pledge of Net Revenues; Lien Position 7 with respect to Prior Bonds
Section 7.04 Initial Schedule of Rates and Charges
Section 7.05 Sale of the System

Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07 Parity Bonds
Section 7.08 Books; Records and Audit
Section 7.09 Rates
Section 7.10 Operating Budget and Monthly Financial Report
Section 7.11 Engineering Services and Operating Personnel
Section 7.12 No Competing Franchise
Section 7.13 Enforcement of Collections
Section 7.14 No Free Services
Section 7.15 Insurance and Construction Bonds
Section 7.16 Connections
Section 7.17 Completion, Operation and Maintenance of Project; Permits and Orders
Section 7.18 Tax Covenants
Section 7.19 Statutory Mortgage Lien
Section 7.20 Compliance with Loan Agreement and Law
Section 7.21 Securities Laws Compliance
Section 7.22 Contracts; Public Releases

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01 Investments
Section 8.02 Certificate as to Use of Proceeds; Covenants as to Use of Proceeds

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01 Events of Default
Section 9.02 Remedies
Section 9.03 Appointment of Receiver

ARTICLE X
PAYMENT OF BONDS

Section 10.01 Payment of Bonds

ARTICLE XI
MISCELLANEOUS

Section 11.01 Amendment or Modification of Bond Legislation
Section 11.02 Bond Legislation Constitutes Contract
Section 11.03 Severability of Invalid Provisions
Section 11.04 Headings, Etc.
Section 11.05 Notices
Section 11.06 Conflicting Provisions Repealed; Prior Resolutions
Section 11.07 Covenant of Due Procedure, Etc.
Section 11.08 Public Notice of Proposed Financing
Section 11.09. Effective Date
SIGNATURES
CERTIFICATION
EXHIBIT A

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,391,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $806,838 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A, Chapter 16, Article 13C, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Preston County Public Service District No. 1 (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Preston County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, consisting of construction of several extensions of the existing water distribution system to provide service to approximately 215 new households, including a new storage tank and two pump stations (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Drinking Water Treatment Revolving Fund and the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $2,198,138 in two series (collectively, the "Series 2007 Bonds"), being the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $1,391,300 (the "Series 2007 A Bonds"), and the Water Revenue Bonds, Series 2007 B(West Virginia DWTRF Program), in the aggregate principal amount of not more than $806,838 (the "Series 2007 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2007 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2007 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of

same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2007 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Series 2007 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and its Series 2007 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Water Revenue Bonds, Series 1972, (United States Department of Agriculture) dated October 11, 1972, issued in the original aggregate principal amount of $213,000 (the "Series 1972 Bonds"), (ii) Water Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 13, 1974, issued in the original aggregate principal amount of $70,000 (the "Series 1974 Bonds"), (iii) Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000 (the Series 1995 A Bonds); and (iv) Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000 (the Series 1995 B Bonds). The Series 1972 Bonds, the Series 1974 Bonds, the Series 1995 A Bonds and the Series 1995 B Bonds are hereinafter collectively called the "Prior Bonds."

Prior to the issuance of the Series 2007 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2007 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest, if any, on the Bonds (as

hereinafter defined) and payments into all funds and accounts and other payments provided for herein and in the Prior Resolutions, all as such terms are hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 A Bonds and the Series 2007 B Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2007 A Bonds and the Series 2007 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A, Chapter 16, Article 13C, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Administrative Fee" means the Administrative Fee required to be paid pursuant to the Loan Agreement for the Series 2007 B Bonds.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2007 A Bonds and the Series 2007 B Bonds, or any other agency, board or department of the State of

West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH and the Council under the Act.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer, or any temporary Chairman duly selected by the Governing Body.

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

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

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

"Bonds" means, collectively, the Series 2007 A Bonds, the Series 2007 B Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

"BPH" means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any successor thereto.

"Chairman" means the Chairman of the Governing Body of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2007 A Bonds and the Series 2007 B Bonds for all or a portion of the proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, from the Authority.

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

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

"Consulting Engineers" means GGJ, Inc., Eastlake, Ohio, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in

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

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

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

"DWTRF Regulations" means the DWTRF regulations set forth in the West Virginia Code of State Regulations, as amended from time to time.

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

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

"Governing Body" or "Board" means the public service board of the Issuer, as it may now or hereafter be constituted.

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

"Grant" means all moneys received by the Issuer of any grant for the Project.

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

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

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

"Issuer" means Preston County Public Service District No. 1, a public service district, public corporation and political subdivision of the State of West Virginia, in Preston County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means, collectively, the respective Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2007 A Bonds from the Issuer by the Authority, and by and between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2007 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2007 A Bonds and the Series 2007 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account, respectively. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, the Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets,

amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's Series 1972 Bonds, Series 1974 Bonds, Series 1995 A Bonds, and Series 1995 B Bonds, as more fully defined in Section 1.02G.

"Prior Resolutions" means, collectively, the resolutions and supplemental resolutions of the Issuer authorizing the issuance of the Prior Bonds.

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions as the Depreciation Reserve and renamed and continued hereby.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2007 A Bonds, the Series 2007 B Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds.

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

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 1972 Bonds" means the Water Revenue Bonds, Series 1972, (United States Department of Agriculture) dated October 11, 1972, issued in the original aggregate principal amount of $213,000.

"Series 1974 Bonds" means Water Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 13, 1974, issued in the original aggregate principal amount of $70,000.

"Series 1995 A Bonds" means Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000.

"Series 1995 B Bonds" means Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000.

"Series 2007 Bonds" means collectively, the Series 2007 A Bonds and the Series 2007 B Bonds.

"Series 2007 A Bonds" means the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) of the Issuer, authorized by this Resolution.

"Series 2007 A Bonds Construction Trust Fund" means the Series 2007 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2007 A Bonds Reserve Account" means the Series 2007 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2007 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2007 A Bonds in the then current or any succeeding year.

"Series 2007 A Bonds Sinking Fund" means the Series 2007 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2007 B Bonds" means the Water Revenue Bonds, Series 2007 B(West Virginia DWTRF Program) of the Issuer, authorized by this Resolution.

"Series 2007 B Bonds Construction Trust Fund" means the Series 2007 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2007 B Bonds Reserve Account" means the Series 2007 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2007 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2007 B Bonds in the then current or any succeeding year.

"Series 2007 B Bonds Sinking Fund" means the Series 2007 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2007 A Bonds, the Series 2007 B Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2007 A Bonds and the Series 2007 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2007 A Bonds and the Series 2007 B Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2007 A Bonds, the Series 2007 B Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete public waterworks system of the Issuer, as extended and improved by the Project, including the existing waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks system from any sources whatsoever.

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

"West Virginia DWTRF Program" means the West Virginia Drinking Water Treatment Revolving Fund program established by the State, administered by the BPH and funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $3,600,838, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority, the BPH and the Council.

The cost of the Project is estimated not to exceed $3,600,838, of which approximately $1,391,300 will be obtained from proceeds of the Series 2007 A Bonds, approximately $806,838 will be obtained from proceeds of the Series 2007 B Bonds and $1,402,700 will be obtained from a Small Cities Block Grant.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2007 A Bonds and the Series 2007 B Bonds, if any, funding reserve accounts for the Series 2007 A Bonds and the Series 2007 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2007 A Bonds and the Series 2007 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Series 2007 A Bonds and the Series 2007 B Bonds of the Issuer. The Series 2007 Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,391,300, and "Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program)," in the principal amount of not more than $806,838, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds remaining after capitalizing interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds, and funding the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2007 A Bonds and the Series 2007 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2007 A Bonds and the Series 2007 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2007 A Bonds and the Series 2007 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2007 A Bonds and the Series 2007 B Bonds. The Series 2007 A Bonds and the Series 2007 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered

Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds . The Series 2007 A Bonds and the Series 2007 B Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2007 A Bonds and the Series 2007 B Bonds shall cease to be such officer of the Issuer before the Series 2007 A Bonds and the Series 2007 B 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 such Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2007 A Bond nor Series 2007 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2007 A Bond and the Series 2007 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2007 A Bonds and the Series 2007 B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration . Subject to the provisions for transfer of registration set forth below, the Series 2007 A Bonds and the Series 2007 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2007 A Bonds and the Series 2007 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2007 A Bonds and the Series 2007 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2007 A Bonds and the Series 2007 B Bonds.

The registered Series 2007 A Bonds and the Series 2007 B Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2007 A Bonds and the Series 2007 B Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost . In case any Series 2007 A Bond or Series 2007 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate, register and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer . The Series 2007 A Bonds and the Series 2007 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2007 A Bonds and the Series 2007 B Bonds shall ever have the right to compel the exercise of the taxing power of

the Issuer, if any, to pay the Series 2007 A Bonds and the Series 2007 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2007 A Bonds and the Series 2007 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2007 A Bonds and the Series 2007 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 A Bonds and the Series 2007 B Bonds to the original purchasers upon receipt of the documents set forth below:

(i) If other than the Authority, a list of the names in which the Series 2007 A Bonds and the Series 2007 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(ii) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2007 A Bonds and the Series 2007 B Bonds to the original purchasers;

(iii) An executed and certified copy of the Bond Legislation;

(iv) An executed copy of the Loan Agreement;

(v) The unqualified approving opinion of bond counsel on the Series 2007 A Bonds and the Series 2007 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2007 A Bonds and the Series 2007 B Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2007 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
WATER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this day ____ of _____, 2007, PRESTON COUNTY PUBLIC SERVICE DISTRICT No. 1, a public service district, public corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); (ii) fund the Series 2007 A Bonds Reserve Account; and (iii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any

further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2007, and a Supplemental Resolution duly adopted by the Issuer on _____, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1972 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 11, 1972, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $213,000 (THE "SERIES 1972 BONDS"); (2) WATER REVENUE BONDS, SERIES 1974 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 13, 1974, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $70,000 (THE "SERIES 1974 BONDS"); (3) WATER REVENUE BONDS, SERIES 1995 A (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE OF $585,000 (THE "SERIES 1995 A BONDS"); (4) WATER REVENUE BONDS, SERIES 1995 B (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,190,000 (THE "SERIES 1995 B BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 2007, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2007 B BONDS"). THE SERIES 1972 BONDS, THE SERIES 1974 BONDS, THE SERIES 1995 A BONDS AND THE SERIES 1995 B BONDS ARE HEREINAFTER REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and the Series 2007 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2007 A Bonds Reserve Account

and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2007 B Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including Prior Bonds and the Series 2007 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

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

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2007 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
WATER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ____ day of _____, 2007, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1, a public corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing _____ 1, 200___, as set forth in the Debt Service Schedule attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 1, _____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated _____, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing

public waterworks system of the Issuer (the "Project"); (ii) to fund the Series 2007 B Bonds Reserve Account; and (iii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2007, and a Supplemental Resolution duly adopted by the Issuer on _____, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1972 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 11, 1972, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $213,000 (THE "SERIES 1972 BONDS"); (2) WATER REVENUE BONDS, SERIES 1974 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 13, 1974, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $70,000 (THE "SERIES 1974 BONDS"); (3) WATER REVENUE BONDS, SERIES 1995 A (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $585,000 (THE "SERIES 1995 A BONDS"); (4) WATER REVENUE BONDS, SERIES 1995 B (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,190,000 (THE "SERIES 1995 B BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2007, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2007 A BONDS"). THE SERIES 1972 BONDS, THE SERIES 1974 BONDS, THE SERIES 1995 A BONDS, AND THE SERIES 1995 B BONDS ARE HEREINAFTER REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 2007 A Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an

indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2007 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2007 A Bonds; provided however, that so long as there exists in the Series 2007 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2007 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2007 A Bonds and the Series 2007 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule . Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the BPH and the Council the respective amended schedules, the forms of which will be provided by the BPH and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2007 A Bonds Construction Trust Fund; and

(4) Series 2007 B Bonds Construction Trust Fund.

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

(1) Series 1972 Bonds Sinking Fund (established by Prior Resolutions);

(2) Series 1972 Bonds Reserve Account (established by Prior Resolutions);

(3) Series 1974 Bonds Reserve Account (established by Prior Resolutions);

(4) Series 1995 A Bonds Reserve Account (established by Prior Resolutions);

(5) Series 1995 B Bonds Reserve Account (established by Prior Resolutions);

(6) Series 2007 A Bonds Sinking Fund;

(7) Series 2007 A Bonds Reserve Account;

(8) Series 2007 B Bonds Sinking Fund; and

(9) Series 2007 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds . A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All monies at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, each month, on or before the due date, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amount required by Prior Resolution to pay interest on the Series 1972 Bonds; and (ii) remit to the National Finance Office, the amounts required by the Prior Resolutions to pay interest on the Series 1974 Bonds, the Series 1995 A Bonds and the Series 1995 B Bonds.

(3) The Issuer shall next, each month, simultaneously (i) on or before the due date, transfer from the Revenue Fund and remit to the Commission the amount required by Prior Resolution to pay principal on the Series 1972 Bonds; (ii) on or before the due date, transfer from the Revenue Fund and remit to the National Finance Office, the amounts required by the Prior Resolutions to pay the principal of the Series 1974 Bonds, the Series 1995 A Bonds and the Series 1995 B Bonds; (iii) on the first day of each month, remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 A Bonds on the next ensuing quarterly principal payment date; and (iv) on the first day of each month, remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 B Bonds, for deposit in the Series 2007 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased

proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Prior Bonds; (ii) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, if not fully funded upon issuance of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2007 A Bonds Reserve Requirement; and (iii) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 B Bonds, if not fully funded upon issuance of the Series 2007 B Bonds, for deposit in the Series 2007 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2007 B Bonds Reserve Requirement.

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

maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, as the same shall become due. Monies in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, as the same shall come due, when other monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2007 A Bonds Sinking Fund, the Series 2007 B Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2007 A Bonds Reserve Account or the Series 2007 B Bonds Reserve Account which result in a reduction in the balance of the Series 2007 A Bonds Reserve Account or the Series 2007 B Bonds Reserve Account to below the Series 2007 A Bonds Reserve Requirement or the Series 2007 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Prior Bonds, Series 2007 A Bonds and the Series 2007 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the

Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2007 A Bonds and the Series 2007 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2007 A Bonds and the Series 2007 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2007 B Bonds.

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

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

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

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2007 A Bonds Construction Trust Fund and the Series 2007 B Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2007 A Bonds and the Series 2007 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2007 A Bonds, there shall first be deposited with the Commission in the Series 2007 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2007 A Bonds for the period commencing on the date of issuance of the Series 2007 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2007 B Bonds, there shall first be deposited with the Commission in the Series 2007 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2007 B Bonds for the period commencing on the date of issuance of the Series 2007 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. From the proceeds of the Series 2007 A Bonds, there shall next be deposited with the Commission in the Series 2007 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2007 A Bonds Reserve Account.

D. From the proceeds of the Series 2007 B Bonds, there shall next be deposited with the Commission in the Series 2007 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2007 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2007 A Bonds.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2007 B Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2007 A Bonds shall be applied as directed by the Council and any remaining proceeds of the Series 2007 B Bonds shall be applied as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Trust Funds . A. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2007 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, as appropriate, stating that:

(a) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(c) Each of such costs has been otherwise properly incurred; and

(d) Payment for each of the items proposed is then due and owing.

The Issuer shall expend all proceeds of the Series 2007 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2007 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2007 B Bonds Construction Trust Fund shall be made only after submission to and approval from the BPH, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit B, in compliance with the Issuer's construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, as appropriate stating that:

(A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) Each of such costs has been otherwise properly incurred; and

(D) Payment for each of the items proposed is then due and owing.

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

So long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2007 A Bonds and the Series 2007 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System . So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the BPH and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2007 A Bonds and the Series 2007 B Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority, the BPH, and the Council, or, in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds. Any balance remaining after the payment of the Series 2007 A Bonds and the Series 2007 B Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other

dispositions of such properties, shall be in excess of $10,000, but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2007 A Bonds and the Series 2007 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2007 A Bonds and the Series 2007 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2007 A Bonds and the Series 2007 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2007 A Bonds and the Series 2007 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2007 A Bonds and the Series 2007 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2007 A Bonds and the Series 2007 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2007 A Bonds and the Series 2007 B Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2007 A Bonds or the Series 2007 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2007 A Bonds or the Series 2007 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2007 A Bonds and the Series 2007 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2007 A Bonds, the Series 2007 B Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and ChargesThe Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia dated December 19, 2006 which became the Final Order on January 8, 2007 and the Commission Order dated June 15, 2007, in Case No.05-1602-PWD-CN.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the BPH and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2007 A Bonds and the Series 2007 B Bonds.

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

So long as the Prior Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness.

In the event the foregoing limitation is waived or when the Prior Bonds are no longer outstanding the following parity requirement shall be met:

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2007 A Bonds and the Series 2007 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2007 A Bonds and the Series 2007 B Bonds.

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

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing

Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the BPH, the Authority, or any other original purchaser of the Series 2007 A Bonds and the Series 2007 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2007 A Bonds and the Series 2007 B Bonds and the Consulting Engineer, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, and shall submit said report to the BPH, the Council and the Authority, or any other original purchaser of the Series 2007 A Bonds and the Series 2007 B Bonds. Such audit report submitted to the Authority, the Council and the BPH shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit D of the Loan Agreement for the Series 2007 B Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds; provided that, in the event amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the BPH and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the BPH and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the BPH and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to the Issuer within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2007 A Bonds and the Series 2007 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

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

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

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

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the financing, acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2007 A Bonds and the Series 2007 B Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2007 A Bonds and the Series 2007 B Bonds, which statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the BPH and the Council with copies of all documents submitted to the Authority.

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

Section 7.21. Securities Laws Compliance . The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Public Releases . A. The Issuer shall, simultaneously with the delivery of the Series 2007 A Bonds and the Series 2007 B Bonds or

immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the BPH for written approval. The Issuer shall obtain the written approval of the Council and the BPH before expending any proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the BPH before expending any proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2007 A Bonds and the Series 2007 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2007 Bonds as a condition to issuance of the Series 2007 Bonds.

In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2007 Bonds as may be necessary in order to maintain the status of the Series 2007 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2007 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the BPH, as the case may be, from which the proceeds of the Series 2007 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2007 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default Each of the following events shall constitute an "Event of Default" with respect to the Series 2007 A Bonds and the Series 2007 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2007 A Bonds and the Series 2007 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2007 A Bonds and the Series 2007 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2007 A Bonds and the Series 2007 B Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2007 A Bonds and the Series 2007 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2007 A Bonds and the Series 2007 B Bonds,

or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds shall be on a parity with each other and with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2007 A Bonds and the Series 2007 B Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of the Series 2007 A Bonds and the Series 2007 B Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2007 A Bonds and the Series 2007 B Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 2007 A Bonds and the Series 2007 B Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such

other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds . If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation . Prior to issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Series 2007 A Bonds and the Series 2007 B Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2007 A Bonds and the Series 2007 B Bonds.

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Authority, the BPH or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Preston County Public Service District No. 1
Post Office Box 322
Arthurdale, West Virginia 26547
Attention: Chairman

AUTHORITY:

Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Director

BPH:

West Virginia Bureau for Public Health
Capitol & Washington Streets
One Davis Square, Suite 200
Charleston, West Virginia 25301
Attention: Environmental Engineering

COUNCIL:

West Virginia Infrastructure & Jobs Development Council
300 Summers Street, Suite 980
Charleston, WV 25301
Attention: Executive Director

All notices to be sent to the BPH or the Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed; Prior Resolutions. Except for the Prior Resolutions, all orders, ordinances or resolutions, or parts thereof, in conflict with the provisions of this Resolution are to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Prior Resolutions. In the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

[Remainder of Page Intentionally Blank]

Adopted this 26th day of June, 2007.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 on the 26th day of June, 2007.

Dated: July 12, 2007.

[SEAL]

Secretary

05/11/06
723860.00001

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Preston County Public Service District No. 1 (the "Issuer") has duly and officially adopted a bond resolution, on June 26, 2007 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,391,300 IN AGGREGATE

PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN $806,838 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), of the Issuer (collectively, the "Bonds" and individually, the "Series 2007 A Bonds" and the "Series 2007 B Bonds"), in the respective aggregate principal amounts not to exceed $1,391,300 and $806,838, and has authorized the execution and delivery of the loan agreement relating to the Series 2007 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the loan agreement relating to the Series 2007 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreements" and individually, the "Series 2007 A Loan Agreement" and the "Series 2007 B Loan Agreement"), all in accordance with Chapter 16, Article 13A, Chapter 16, Article 13C and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreements and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreements have been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreements; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements be approved and entered into by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,391,300. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2047, and shall bear no interest. The principal of the Series 2007 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2009, and to and including June 1, 2047, and in the amounts as set forth in the "Schedule Y" attached to the Series 2007 A Loan Agreement and incorporated in and made a part of the Series 2007 A Bonds. The Series 2007 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2007 A Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 A Bonds.

B. Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $806,838. The Series 2007 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2038, and shall bear no interest. The principal of the Series 2007 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2009, and to and including December 1, 2038, and in the amounts as set forth in the "Schedule Y" attached to the Series 2007 B

Loan Agreement and incorporated in and made a part of the Series 2007 B Bonds. The Series 2007 B Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2007 B Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 B Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2007 B Bonds set forth in the "Schedule Y" attached to the Series 2007 B Loan Agreement.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Resolution.

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreements, including all schedules and exhibits attached thereto, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreements and in the applications to the BPH, the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon; provided that, the proceeds of the Bonds will be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Branch Banking & Trust Company, Fairmont, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2007 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2007 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 B Bonds Sinking Fund as capitalized interest.

Section 9. Series 2007 A Bonds proceeds in the amount of $36,140 shall be deposited in the Series 2007 A Bonds Reserve Account.

Section 10. Series 2007 B Bonds proceeds in the amount of $26,896 shall be deposited in the Series 2007 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2007 A Bonds and the Series 2007 B Bonds and related costs.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about July 12, 2007.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Sinking Funds and the Reserve Accounts for the Bonds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Section 18. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

[Remainder of Page Intentionally Left Blank]

Adopted this 26th day of June, 2007.

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

By: Randolph W. Dye Brown

Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 on the 26th day of June, 2007.

Dated: July 12, 2007.

[SEAL]

Secretary

06.20.07
723810.00001

IC-1
(11/01/04)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together,

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority and Council.

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

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority, the Council or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds

revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

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

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

4.4 The Loan shall bear interest from the date and at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

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

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated _____.

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____,

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE Y

$1,391,300

Preston County Public Service District

0% Interest Rate; 40 Years from Closing Date

Closing Date: July 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	9,035.00	-	9,035.00
06/01/2009	9,035.00	-	9,035.00
09/01/2009	9,035.00	-	9,035.00
12/01/2009	9,035.00	-	9,035.00
03/01/2010	9,035.00	-	9,035.00
06/01/2010	9,035.00	-	9,035.00
09/01/2010	9,035.00	-	9,035.00
12/01/2010	9,035.00	-	9,035.00
03/01/2011	9,035.00	-	9,035.00
06/01/2011	9,035.00	-	9,035.00
09/01/2011	9,035.00	-	9,035.00
12/01/2011	9,035.00	-	9,035.00
03/01/2012	9,035.00	-	9,035.00
06/01/2012	9,035.00	-	9,035.00
09/01/2012	9,035.00	-	9,035.00
12/01/2012	9,035.00	-	9,035.00
03/01/2013	9,035.00	-	9,035.00
06/01/2013	9,035.00	-	9,035.00
09/01/2013	9,035.00	-	9,035.00
12/01/2013	9,035.00	-	9,035.00
03/01/2014	9,035.00	-	9,035.00
06/01/2014	9,035.00	-	9,035.00
09/01/2014	9,035.00	-	9,035.00
12/01/2014	9,035.00	-	9,035.00
03/01/2015	9,035.00	-	9,035.00
06/01/2015	9,035.00	-	9,035.00
09/01/2015	9,035.00	-	9,035.00
12/01/2015	9,035.00	-	9,035.00
03/01/2016	9,035.00	-	9,035.00
06/01/2016	9,035.00	-	9,035.00
09/01/2016	9,035.00	-	9,035.00
12/01/2016	9,035.00	-	9,035.00
03/01/2017	9,035.00	-	9,035.00
06/01/2017	9,035.00	-	9,035.00
09/01/2017	9,035.00	-	9,035.00
12/01/2017	9,035.00	-	9,035.00
03/01/2018	9,035.00	-	9,035.00
06/01/2018	9,035.00	-	9,035.00

$1,391,300
Preston County Public Service District
0% Interest Rate; 40 Years from Closing Date
Closing Date: July 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2029	9,034.00	-	9,034.00
12/01/2029	9,034.00	-	9,034.00
03/01/2030	9,034.00	-	9,034.00
06/01/2030	9,034.00	-	9,034.00
09/01/2030	9,034.00	-	9,034.00
12/01/2030	9,034.00	-	9,034.00
03/01/2031	9,034.00	-	9,034.00
06/01/2031	9,034.00	-	9,034.00
09/01/2031	9,034.00	-	9,034.00
12/01/2031	9,034.00	-	9,034.00
03/01/2032	9,034.00	-	9,034.00
06/01/2032	9,034.00	-	9,034.00
09/01/2032	9,034.00	-	9,034.00
12/01/2032	9,034.00	-	9,034.00
03/01/2033	9,034.00	-	9,034.00
06/01/2033	9,034.00	-	9,034.00
09/01/2033	9,034.00	-	9,034.00
12/01/2033	9,034.00	-	9,034.00
03/01/2034	9,034.00	-	9,034.00
06/01/2034	9,034.00	-	9,034.00
09/01/2034	9,034.00	-	9,034.00
12/01/2034	9,034.00	-	9,034.00
03/01/2035	9,034.00	-	9,034.00
06/01/2035	9,034.00	-	9,034.00
09/01/2035	9,034.00	-	9,034.00
12/01/2035	9,034.00	-	9,034.00
03/01/2036	9,034.00	-	9,034.00
06/01/2036	9,034.00	-	9,034.00
09/01/2036	9,034.00	-	9,034.00
12/01/2036	9,034.00	-	9,034.00
03/01/2037	9,034.00	-	9,034.00
06/01/2037	9,034.00	-	9,034.00
09/01/2037	9,034.00	-	9,034.00
12/01/2037	9,034.00	-	9,034.00
03/01/2038	9,034.00	-	9,034.00
06/01/2038	9,034.00	-	9,034.00
09/01/2038	9,034.00	-	9,034.00
12/01/2038	9,034.00	-	9,034.00
03/01/2039	9,034.00	-	9,034.00
06/01/2039	9,034.00	-	9,034.00
09/01/2039	9,034.00	-	9,034.00
12/01/2039	9,034.00	-	9,034.00
03/01/2040	9,034.00	-	9,034.00
06/01/2040	9,034.00	-	9,034.00

SCHEDULE Z

None.

DWTRF
(11/01/04)

LOAN AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the "BPH"), and the local entity designated below (the "Local Entity").

PRESTON COUNTY PUBLIC SERVICE DISTRICT
(Local Entity)

W I T N E S S E T H:

WHEREAS, the United States Congress under Section 1452 of the Safe Drinking Water Act, as amended (the "Safe Drinking Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining drinking water treatment revolving funds for the construction, acquisition and improvement of drinking water systems;

WHEREAS, pursuant to the provisions of Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a drinking water treatment revolving fund program (the "Program") to direct the distribution of loans to eligible Local Entities pursuant to the Safe Drinking Water Act;

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

WHEREAS, the Act establishes a permanent perpetual fund known as the "West Virginia Drinking Water Treatment Revolving Fund" (hereinafter the "Fund"), which fund is to be administered and managed by the Authority under the direction of the BPH;

WHEREAS, pursuant to the Act, the Authority and BPH are empowered to make loans from the Fund to Local Entities for the acquisition or construction of drinking water projects by such Local Entities, all subject to such provisions and limitations as are contained in the Safe Drinking Water Act and the Act;

WHEREAS, the Local Entity constitutes a local entity as defined by the Act;

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

1.8 "Program" means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by BPH.

1.9 "Project" means the drinking water project hereinabove referred to, to be constructed or being constructed by the Local Entity in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Entity in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "DWTRF Regulations" means the regulations set forth in the West Virginia Code of State Regulations.

1.11 "System" means the drinking water system owned by the Local Entity, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Local Entity shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and BPH and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Entity, the Local Entity or (at the option of the Local Entity) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Entity, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Entity on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Entity must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Entity shall provide and maintain competent and adequate engineering services satisfactory to the Authority and BPH covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, BPH and the Local Entity at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Entity shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Local Entity shall notify BPH in writing of such receipt.

2.10 The Local Entity shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to BPH when the Project is 90% completed. The Local Entity shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Entity shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Entity shall notify BPH in writing of the certified operator employed at the 50% completion stage.

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

2.12 The Local Entity, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit A and incorporated herein by reference, and forward a copy by the 10th of each month to BPH and the Authority.

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

(d) The Local Entity shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim construction financing, the Local Entity must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and BPH shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit C;

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

(f) The Local Entity shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and BPH shall have received an opinion of counsel to the

Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

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

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

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the BPH, including the DWTRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Local Entity and the Local Entity shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Entity shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Entity by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, BPH and the Local Entity. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Local Entity understands and acknowledges that it is one of several local entities which have applied to the Authority and BPH for loans from the Fund to finance drinking water projects and that the obligation of the Authority to make any such loan is subject to the Local Entity's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Entity specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may purchase the bonds of other local entities set out in the State Project Priority List, as defined in the DWTRF Regulations. The Local Entity further specifically recognizes that all loans will be originated in conjunction with the DWTRF Regulations and with the prior approval of BPH or such later date as is agreed to in writing by the BPH.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Local Entity shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one

hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and BPH;

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

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

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

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

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

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and BPH. If the Local Entity receives $300,000 or more (in federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

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

(xix) That the Local Entity shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and BPH, the Project is adequate for the purposes for which it was designed, the funding plan

as submitted to the Authority and BPH is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the Local Entity shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate its services to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore such services until all delinquent charges for the services of the System have been fully paid; and

(xxi) That the Local Entity shall submit all proposed change orders to the BPH for written approval. The Local Entity shall obtain the written approval of the BPH before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Entity shall obtain the written approval of the BPH before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Entity

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

7.3 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other

instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Entity from either the Authority or BPH;

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

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

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Entity to the Authority or BPH.

In the event funds are not available to make all of the Loan, the responsibility of the Authority and BPH to make all the Loan is terminated; provided further that the obligation of the Local Entity to repay the outstanding amount of the Loan made by the Authority and BPH is not terminated due to such non-funding on any balance of the Loan. The BPH agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

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

PRESTON COUNTY PSD NO. 1

(SEAL)

By: _____
Its: Chairman
Date: July 12, 2007

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: July 12, 2007

Attest:

_____
Its: Secretary-Treasurer

000832/00520
11/01/04

EXHIBIT A

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

The Local Entity must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT B

PAYMENT REQUISITION FORM

EXHIBIT C

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by BPH and any change orders approved by the Issuer, BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule B attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made

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

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

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

[SEAL]

_____

By: _____

_____

West Virginia License No. _____

---

firm has ascertained that".

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

EXHIBIT D

SPECIAL CONDITIONS

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

Sixty days prior to the date of the first monthly payment to the Municipal Bond Commission, the Governmental Agency shall provide the Authority and the BPH with a written report stating the date on which the Project received a Certificate of Completion from the Consulting Engineers, the date on which the new rates became effective, the date on which the Governmental Agency began or will begin billing the new rates and the date when the Governmental Agency anticipates receiving revenues from the rate increase. If on the sixtieth day preceding the first monthly payment to the Municipal Bond Commission, the Governmental Agency has not received a Certificate of Completion, it covenants and agrees to petition the PSC for approval to immediately implement the new rates.

Additionally, the Governmental Agency shall provide the Authority and the BPH notice of any other rate changes.

EXHIBIT E

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Account: $_____

Witness my signature this ___ day of _____.

_____
[Name of Local Entity]

By: _____
Authorized Officer

Enclosure: wire transfer form

EXHIBIT F

OPINION OF BOND COUNSEL FOR LOCAL ENTITY

[To Be Dated as of Date of Loan Closing]

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

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, WV 25301-2616

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of a (i) loan agreement dated _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Entity and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and (ii) the issue of a series of revenue bonds of the Local Entity, dated _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, ____, and ending _____ 1, _____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Entity on _____, as supplemented by the supplemental resolution duly adopted by the Local Entity on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$ 806,838
Purchase Price of Local Bonds	$ 806,838

The Local Bonds shall bear no interest. Commencing March 1, 2009, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

(i) Preston County Public Service District No. 1 Water Revenue Bonds, Series 1972, (United States Department of Agriculture), dated October 11, 1972, issued in the original principal amount of $213,000; (ii) Preston County Public Service District No. 1 Water Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 13, 1974, issued in the original principal amount of $70,000; (iii) Preston County Public Service District No. 1 Water Revenue Bonds, Series 1995A (United States Department of Agriculture), dated September 19, 1995, issued in the original principal amount of $585,000; and (iv) Preston County Public Service District No. 1 Water Revenue Bonds, Series 1995B (United States Department of Agriculture), dated September 19, 1995, issued in the original principal amount of $1,190,000.

SCHEDULE Y

$806,838

Preston County Public Service District

0% Interest Rate; 1.0% Administrative Fee; 30 Years

Closing Date: July 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	6,724.00	-	6,724.00
06/01/2009	6,724.00	-	6,724.00
09/01/2009	6,724.00	-	6,724.00
12/01/2009	6,724.00	-	6,724.00
03/01/2010	6,724.00	-	6,724.00
06/01/2010	6,724.00	-	6,724.00
09/01/2010	6,724.00	-	6,724.00
12/01/2010	6,724.00	-	6,724.00
03/01/2011	6,724.00	-	6,724.00
06/01/2011	6,724.00	-	6,724.00
09/01/2011	6,724.00	-	6,724.00
12/01/2011	6,724.00	-	6,724.00
03/01/2012	6,724.00	-	6,724.00
06/01/2012	6,724.00	-	6,724.00
09/01/2012	6,724.00	-	6,724.00
12/01/2012	6,724.00	-	6,724.00
03/01/2013	6,724.00	-	6,724.00
06/01/2013	6,724.00	-	6,724.00
09/01/2013	6,724.00	-	6,724.00
12/01/2013	6,724.00	-	6,724.00
03/01/2014	6,724.00	-	6,724.00
06/01/2014	6,724.00	-	6,724.00
09/01/2014	6,724.00	-	6,724.00
12/01/2014	6,724.00	-	6,724.00
03/01/2015	6,724.00	-	6,724.00
06/01/2015	6,724.00	-	6,724.00
09/01/2015	6,724.00	-	6,724.00
12/01/2015	6,724.00	-	6,724.00
03/01/2016	6,724.00	-	6,724.00
06/01/2016	6,724.00	-	6,724.00
09/01/2016	6,724.00	-	6,724.00
12/01/2016	6,724.00	-	6,724.00
03/01/2017	6,724.00	-	6,724.00
06/01/2017	6,724.00	-	6,724.00
09/01/2017	6,724.00	-	6,724.00
12/01/2017	6,724.00	-	6,724.00
03/01/2018	6,724.00	-	6,724.00
06/01/2018	6,724.00	-	6,724.00

$806,838
Preston County Public Service District
0% Interest Rate; 1.0% Administrative Fee; 30 Years
Closing Date: July 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2018	6,724.00	-	6,724.00
12/01/2018	6,724.00	-	6,724.00
03/01/2019	6,724.00	-	6,724.00
06/01/2019	6,724.00	-	6,724.00
09/01/2019	6,724.00	-	6,724.00
12/01/2019	6,724.00	-	6,724.00
03/01/2020	6,724.00	-	6,724.00
06/01/2020	6,724.00	-	6,724.00
09/01/2020	6,724.00	-	6,724.00
12/01/2020	6,724.00	-	6,724.00
03/01/2021	6,724.00	-	6,724.00
06/01/2021	6,724.00	-	6,724.00
09/01/2021	6,724.00	-	6,724.00
12/01/2021	6,724.00	-	6,724.00
03/01/2022	6,724.00	-	6,724.00
06/01/2022	6,724.00	-	6,724.00
09/01/2022	6,724.00	-	6,724.00
12/01/2022	6,724.00	-	6,724.00
03/01/2023	6,724.00	-	6,724.00
06/01/2023	6,724.00	-	6,724.00
09/01/2023	6,724.00	-	6,724.00
12/01/2023	6,724.00	-	6,724.00
03/01/2024	6,724.00	-	6,724.00
06/01/2024	6,724.00	-	6,724.00
09/01/2024	6,724.00	-	6,724.00
12/01/2024	6,724.00	-	6,724.00
03/01/2025	6,724.00	-	6,724.00
06/01/2025	6,724.00	-	6,724.00
09/01/2025	6,724.00	-	6,724.00
12/01/2025	6,724.00	-	6,724.00
03/01/2026	6,724.00	-	6,724.00
06/01/2026	6,724.00	-	6,724.00
09/01/2026	6,724.00	-	6,724.00
12/01/2026	6,724.00	-	6,724.00
03/01/2027	6,724.00	-	6,724.00
06/01/2027	6,724.00	-	6,724.00
09/01/2027	6,724.00	-	6,724.00
12/01/2027	6,724.00	-	6,724.00
03/01/2028	6,724.00	-	6,724.00
06/01/2028	6,724.00	-	6,724.00
09/01/2028	6,723.00	-	6,723.00
12/01/2028	6,723.00	-	6,723.00
03/01/2029	6,723.00	-	6,723.00
06/01/2029	6,723.00	-	6,723.00

$806,838
Preston County Public Service District
0% Interest Rate; 1.0% Administrative Fee; 30 Years
Closing Date: July 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2029	6,723.00	-	6,723.00
12/01/2029	6,723.00	-	6,723.00
03/01/2030	6,723.00	-	6,723.00
06/01/2030	6,723.00	-	6,723.00
09/01/2030	6,723.00	-	6,723.00
12/01/2030	6,723.00	-	6,723.00
03/01/2031	6,723.00	-	6,723.00
06/01/2031	6,723.00	-	6,723.00
09/01/2031	6,723.00	-	6,723.00
12/01/2031	6,723.00	-	6,723.00
03/01/2032	6,723.00	-	6,723.00
06/01/2032	6,723.00	-	6,723.00
09/01/2032	6,723.00	-	6,723.00
12/01/2032	6,723.00	-	6,723.00
03/01/2033	6,723.00	-	6,723.00
06/01/2033	6,723.00	-	6,723.00
09/01/2033	6,723.00	-	6,723.00
12/01/2033	6,723.00	-	6,723.00
03/01/2034	6,723.00	-	6,723.00
06/01/2034	6,723.00	-	6,723.00
09/01/2034	6,723.00	-	6,723.00
12/01/2034	6,723.00	-	6,723.00
03/01/2035	6,723.00	-	6,723.00
06/01/2035	6,723.00	-	6,723.00
09/01/2035	6,723.00	-	6,723.00
12/01/2035	6,723.00	-	6,723.00
03/01/2036	6,723.00	-	6,723.00
06/01/2036	6,723.00	-	6,723.00
09/01/2036	6,723.00	-	6,723.00
12/01/2036	6,723.00	-	6,723.00
03/01/2037	6,723.00	-	6,723.00
06/01/2037	6,723.00	-	6,723.00
09/01/2037	6,723.00	-	6,723.00
12/01/2037	6,723.00	-	6,723.00
03/01/2038	6,723.00	-	6,723.00
06/01/2038	6,723.00	-	6,723.00
09/01/2038	6,723.00	-	6,723.00
12/01/2038	6,723.00	-	6,723.00
Total	**$806,838.00**	**-**	**$806,838.00** *

*Plus $1,016.93 one-percent Administrative Fee paid quarterly. Total fee over life of loan is $122,031.60.

File | Preston County PSD Loans.sf | DWTRF 6-12-07 | 6/18/2007 | 10:24 AM

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 15th day of June, 2007.

CASE NO. 05-1602-PWD-CN (REOPENED)

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
Application for a certificate of convenience and necessity to extend the current water system to an estimated 214 households not currently served, in seven extension areas within the service district, located in Preston County.

COMMISSION ORDER

By Recommended Decision issued December 19, 2006, which became a Final Order on January 8, 2007, the Commission granted the above referenced certificate application and approved the following funding: a Small Cities Block Grant in the amount of $1,402,700; a loan from the West Virginia Infrastructure Jobs and Development Council in the amount of $1,391,000, for a period of 38 years at 0% interest; and an $806,838 loan from the Drinking Water Treatment Revolving Funds, for a period of 20 years at an annual interest rate of 0.5%.

On April 11, 2007, Preston County Public Service District No. 1 (District) filed a petition to reopen this case to obtain approval for changes in the funding for this project. According to the petition, the term and annual interest rate for the repayment of the loan from the Drinking Water Treatment Revolving Fund (DWTRF) has changed. The loan will now be repaid over a period of 30 years, at an annual interest rate of 0%, with a 1.0% administrative fee. The District also stated that this change would not cause an increase in rates.

On May 3, 2007, Commission Staff filed its Initial and Final Joint Staff Memorandum recommending the Commission approve the revised funding. Staff noted that after meeting debt service reserve requirements, the District would have a cash flow surplus of approximately $21,000 per year.

UPON CONSIDERATION the Commission finds that it is reasonable to reopen this proceeding and approve the change in term and interest rate of the loan from the DWTRF.

ORDER

IT IS THEREFORE ORDERED that the District's petition to reopen this proceeding is hereby granted.

IT IS FURTHER ORDERED that the change in the terms of the loan from the Drinking Water Treatment Revolving Fund to a period of 30 years, at an annual interest rate of 0%, with a 1.0% administrative fee is hereby approved.

IT IS FURTHER ORDERED that should the scope or financing for the project approved in this proceeding change for any reason, the District must obtain prior Commission approval before continuing construction of the project.

IT IS FURTHER ORDERED that upon entry hereof this case shall be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order on all parties of record by First Class United States Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

LHG/s
051602cc.wpd

051602aljl21906.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

1/8/2007

Issued: December 19, 2006

CASE NO. 05-1602-PWD-CN

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
Application for a certificate of convenience and necessity to extend the current water system to an estimated 214 households not currently served, in seven extension areas within the service district, located in Preston County.

RECOMMENDED DECISION

On November 3, 2005, the Preston County Public Service District No. 1 (District) filed an application for a certificate of convenience and necessity to construct several extensions of its existing water distribution system to provide public water service to approximately 215 new households, or about 559 people. The project includes a new storage tank and two pump stations. According to the filing, a rate increase of approximately 20.09% would be required to support the additional operation and maintenance expenses, as well as the associated debt service.

By Commission Order dated November 7, 2005, the District was directed to provide notice of the filing of the certificate application by publishing a copy of said Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Preston County, West Virginia, making due return to the Commission of proper certification of publication immediately after publication. The Notice specifically noted that the proposed increases were based on average of all customers in the indicated classes and that individual customers might receive increases that are greater or less than average. The requested rates and charges were only a proposal and were subject to change by the Public Service Commission in its review of this filing. The Notice directed that anyone desiring to make objection to the certificate application or to intervene in said proceeding must do so, in writing, within thirty (30) days after publication of said Notice. It was further provided that failure to timely protest or intervene could affect one's right to protest, including any associated rate increase, or to participate in future proceedings. The Notice further provided that, if no protests were received within the thirty-day period, the Commission could waive formal hearing and grant the certificate application based upon the evidence submitted in the application and the Commission's review thereof.

On November 28, 2005, the District filed what was purported to be a Certificate of Publication of the Notice of Filing. The Certificate of Publication was executed by the Advertising Manager of The Preston County Journal, stating that the Notice of Filing was published on November 16, 2005. The Certificate of Publication also stated that a copy of said notice, as published, was attached thereto. However, no such copy of the Notice of Filing, as published, was attached to, or in any other way made a part of, the Certificate of Publication.

On December 14, 2005 the Commission issued a Referral Order noting that, if no protests were filed pursuant to notice of the project, *West Virginia Code* § 24-2-11 allows the Commission 180 days (or until May 2, 2006) in which to render a decision. In the event no protests were filed, the assigned Administrative Law Judge (ALJ) was directed to issue a Recommended Decision on or before March 19, 2006.

By Commission Order issued March 6, 2006, the Commission approved the District's request to toll the statutory deadline until November 12, 2006. The order also extended the Administrative Law Judge's decision due date until September 22, 2006.

On September 13, 2006, the District filed a second request to toll the statutory deadline for an additional 120 days. As cause for its request, the District stated that Staff had discovered that the numbers in the revised Rule 42 exhibit were based on previous rates, rather than the rates approved by a Recommended Decision in Case No. 06-0188-PWD-19A (Final July 27, 2006). The District also requested that the ALJ Division due date be extended by a proportionate period of time.

By Commission Order issued on September 15, 2006, the Commission granted the District's second request to toll the statutory deadline until March 12, 2007. The Order also extended the Administrative Law Judge's decision due date until January 22, 2007.

On November 8, 2006, Staff Attorney Lisa Wansley-Layne filed a Final Joint Staff Memorandum to which was attached a Final Internal Memorandum dated November 2, 2006, prepared by Nathan Nelson, Utilities Analyst II, Water and Wastewater Division, and Audra L. Blackwell, Technical Analyst II, Engineering Division.

Commission Staff reported that the proposed project will be financed by a Small Cities Block Grant in the amount of $1,402,700, and a West Virginia Infrastructure Jobs and Development Council (WVIJDC) loan in the amount of $1,391,300. Additionally, after a project redesign, which added a 100,000-gallon storage tank, the District also obtained an $806,838 loan from the Drinking Water Treatment Revolving Fund (DWTRF). The WVIJDC loan will be for a term of 38 years at 0% interest requiring monthly payments of $3,051, or $36,613 annually. The DWTRF loan will be for a term of 20 years at 0.5% interest requiring monthly payments of approximately $3,503, or $42,042 annually. Total debt service payments associated with the project will be $79,014 annually.

The District proposed a 25% rate increase, based on an average usage of 4,500 gallons, to cover the costs associated with its proposed project. However, upon completion of its 19A rate case, Case No. 06-

0188-PWD-19A (Final July 27, 2006), the District was granted an across-the-board rate increase of 20.7%.

In its cash flow analysis, attached to Commission Staff's November 2, 2006 Final internal memorandum as Attachment 1, the Staff-recommended revenues and expenses from the District's 19A rate case were used as going-level revenues and expenses. The District's annual O&M expenses were increased by $13,884, due in large part to the increased costs of producing the additional water needed to serve new customers. Staff recommended annual revenues of $541,764, which represents a 23.04% increase which, once again, is largely attributable to the increase in customers. The Staff-recommended rates will provide the District with a debt service coverage of 128.65% and a cash flow surplus of $24,531. A Staff-recommended tariff was attached to the Final Internal Memorandum as Attachment 4.

Commission Staff went on to note that the State of West Virginia Office of Environmental Health Services had issued the District Permit No. 16,914 on January 20, 2006, to amend and modify Permit No. 16,855 issued on December 13, 2005.[1] Permit No. 16,914 granted additional approval to construct a new 100,000-gallon water storage tank near the existing Reedsville storage tank. This permit was contingent upon all conditions set for in Permit No. 16,855 remaining in effect, as well as enclosing the new 100,000 gallon water storage tank and existing water storage tank with a minimum six (6) foot high fence with a locking gate.

A summary of the project costs is as follows, to-wit:

Construction Costs	$3,051,138
Engineering Cost	
Design	$ 160,500
Construction	$ 196,500
Legal Cost	$ 24,200
Administrative Cost	$ 60,000
Bond Council	$ 8,000
Site, Easements and ROW Cost	$ 25,000
Project Contingency	$ 75,500
Total Project Cost	$3,600,838

The cost per customer for the proposed project is $17,312, which is a slightly high cost for the provision of water service. The District will be adding approximately 15.3 miles of water line and the customer density is approximately 14 customers per mile which is slightly low. However, the additional debt obligation is only $6,744 per customer when the Small Cities Block Grant is factored in.

---

[1] Permit No. 16,855 granted approval for the District to install approximately 75,934 linear feet of 6-inch and 4,800 linear feet of 2-inch water line, one (1) pressure reducing station, two (2) 50-gallon per minute (GPM) duplex booster stations, and all necessary valves and appurtenances to serve approximately 208 new customers along Route Nos. 7/2, 7/3, 7/5, 25, 92 and 33 and the Wiggley Pond, Spurgeon Holmes and Old Jack Brown areas located within the District service territory.

Based upon its review of the District's certificate application, supporting data and documents submitted therewith, Commission Staff recommended that:

1. The District be granted a certificate of convenience and necessity to construct the proposed extension in the amount of $3,600,838;

2. The project funding, consisting of a Small Cities Block Grant in the amount of $1,402,700, a WVIJDC loan in the amount of $1,391,300 for a period of 38 years at 0% and a Drinking Water Treatment Revolving Fund loan in the amount of $806,838 for a period of 20 years at 0.5%, be approved;

3. The Staff-recommended rates and charges be approved;

4. If there is any change in the plans, scope or financing of the project that affect rates, the District shall notify the Commission and request a reopening of this case for adjustments and approval of such changes prior to commencing construction. If there are any changes in the project costs that do not affect rates, the District be required to file herein an affidavit duly executed by its accountant verifying that the District rates and charges are not affected;

5. The District will provide a copy of the engineer's certified tabulation of bids, within ten (10) days of the bid opening date, for each construction contract or vendor bid contractor to be awarded for this project; and

6. The District's engineer will submit a copy of the certificate of substantial completion when it is available.

By Procedural Order dated November 15, 2006, the District was directed to file, on or before November 27, 2006, a complete and corrected Certificate of Publication of the Notice of Filing from The Preston County Journal, which has a copy of the Notice of Filing, as published, attached. The District was also directed to file on or before November 27, 2006, a Certificate of Separate Mailing of Notice to Customers setting forth the date and method utilized to comply with the requirements of Rule 10.3.d. of the Commission's Rules of Practice and Procedure (Procedural Rules).

On November 20, 2006, the District filed a properly completed affidavit of publication reflecting that the Notice of Filing was published in The Preston County Journal, on November 16, 2005.

On November 30, 2006, the District filed a Certificate of Separate Mailing of Notice to Customers setting forth its compliance with the notice requirements of Procedural Rule 10.3.3.

DISCUSSION

Based upon a review of the District's application, as well as Staff's recommendations, it is clear that the proposed project is needed

to provide potable water utility service to residents within the District's service area who currently have no safe, reliable public water supply. The proposed project will ensure the continuation of a reliable, adequate and safe supply of water to the District's existing customers, as well as the 200 plus households to be added as a direct result of the project. The physical and financial hardships created by the absence of a reliable source of potable water, particularly the elderly, the handicapped and those with low-to-moderate incomes, will be eliminated by completion of the District's proposed project and will also result in the less obvious benefit of increasing property values due to the availability of a reliable and potable water supply. Accordingly, the certificate application filed herein will be granted. The financing for the proposed project, consisting of a Small Cities Block Grant in the amount of $1,402,700, a loan from the West Virginia Infrastructure and Development Council in the amount of $1,391,300, for a term of 38 years at 0% interest, and an $806,838 loan from the Drinking Water Treatment Revolving Fund, for a term of 20 years at a 0.5% interest rates, will also be approved. The Staff-recommended rates and charges will provide a reasonable cash flow surplus, after O&M expenses and debt service requirements, and, since no protests were filed to the certificate application or rate increase, the Staff-recommended rates and charges will also be approved, effective upon the District's completion of the project.

FINDINGS OF FACT

1. Preston County Public Service District No. 1 filed an application for a certificate of convenience and necessity to construct several extensions of its existing water distribution system to provide public water service to approximately 215 new households, or about 559 people. The project includes a new storage tank and two pump stations. The District proposed a rate increase of approximately 20.09% to support the additional operation and maintenance expenses, as well as the associated debt service. (See, November 3, 2005 filing).

2. The proposed project will cost approximately $3,600,838 and will be financed through a Small Cities Block Grant in the amount of $1,402,700, a loan from the West Virginia Infrastructure Jobs and Development Council in the amount of $1,391,300, at 0% interest, and an $806,838 loan from the Drinking Water Treatment Revolving Fund, at an annual interest rate of 0.5%. (See, November 3, 2005 filing; Commitment letter filed August 21, 2006; Final Joint Staff Memorandum and attachment filed November 8, 2006).

3. The District filed affidavits of publication reflecting that the Notice of Filing of the application was published in The Preston County Journal on November 16, 2005, a newspaper duly qualified by the Secretary of State, published and of general circulation in Preston County, West Virginia. (See, Affidavits of Publication filed November 28, 2005 and November 20, 2006).

4. No protests or objections were filed to the District's certificate application within the thirty-day response period, which expired on December 16, 2005, or as of the date of this Order. (See, case file generally).

5. Commission Staff recommended a 6.58% rate increase over the District's current rates, which will provide the District with a debt service factor of 128.65% and a cash flow surplus of $24,531. (See, Final Joint Staff Memorandum and attachment filed November 8, 2006).

6. Commission Staff was of the opinion that the District's proposed project is necessary to provide water service to households and residents who currently have no public water supply, is financially feasible and should be approved, along with the Staff-recommended tariff, which incorporates the Staff-recommended 6.58% increase above going-level. (See, Final Joint Staff Memorandum and attachment filed November 8, 2006).

7. The District filed a Certificate of Separate Mailing of Notice to Customers setting forth its compliance with the notice requirements of Procedural Rule 10.3.d. (See, November 30, 2006 filing).

8. The District has not filed an objection to the recommendations of Commission Staff, despite being given the opportunity to do so. (See, November 8, 2006 Executive Secretary's letter; case file generally).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to the Preston County Public Service District No. 1 to provide a safe, reliable water distribution system to serve approximately 215 new households, or about 559 people, along Route Nos. 7/2, 7/3, 7/5, 25, 92 and 33 in the Wiggly Pond Area, Spurgeon Holmes area and Old Jack Brown areas located within the District's service boundaries in Preston County, West Virginia.

2. It is reasonable to approve the financing of the project, which consists of a Small Cities Block Grant in the amount of $1,402,700, a loan from the West Virginia Infrastructure Jobs and Development Council in the amount of $1,391,300, at 0% interest, and an $806,838 loan from the Drinking Water Treatment Revolving Fund, at an annual interest rate of 0.5%.

3. It is reasonable to approve the Staff-recommended rates and charges, as are more particularly set forth in Appendix A, attached hereto, to become effective for all services rendered by the District on or after the date the subject project is completed.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on November 3, 2005, by the Preston County Public Service District No. 1 for a certificate of convenience and necessity to construct several extensions of its existing water distribution system to provide public water service to approximately 215 new households, or about 559 people, along Route Nos. 7/2, 7/3, 7/5, 25, 92 and 33 in the Wiggly Pond area, Spurgeon Holmes area and Old Jack Brown areas located within the District's service boundaries in Preston County, West Virginia, be, and hereby is, granted, without need for a formal hearing.

IT IS FURTHER ORDERED that the financing of the project, consisting of a Small Cities Block Grant in the amount of $1,402,700; a loan from the West Virginia Infrastructure Jobs and Development Council in the amount of $1,391,000, at 0% interest; and an $806,838 loan from the Drinking Water Treatment Revolving Fund, at an annual interest rate of 0.5%, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, attached hereto as Appendix A, be, and hereby are, approved, to become effective for all services rendered by the District on and after the date that the project is completed.

IT IS FURTHER ORDERED that the Preston County Public Service District No. 1 file an original and at least five (5) copies of a revised tariff setting forth the rates and charges approved herein, within thirty (30) days from the date that the project is certified as completed.

IT IS FURTHER ORDERED that the Preston County Public Service District No. 1 be, and hereby is, directed to submit a certificate of substantial completion of the project from its engineer as soon as it becomes available.

IT IS FURTHER ORDERED that the Preston County Public Service District No. 1 be, and hereby is, directed to file a copy of the engineer's certified tabulation of bids for the project within ten (10) days of the opening date.

IT IS FURTHER ORDERED that, if there are any changes in the scope, plans or financing of the project, the District shall obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the District shall comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

John P. Carter
Administrative Law Judge

JPC:kkp
051602aa.wpd

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
Case No. 05-1602-PWD-CN

APPROVED TARIFF

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for general, domestic, commercial, industrial and sale for resale water service.

RATES (customers with metered water supply)

First	3,000 gallons used per month	$ 8.45 per 1,000 gallons
Next	3,000 gallons used per month	$ 6.76 per 1,000 gallons
Next	4,000 gallons used per month	$ 5.78 per 1,000 gallons
Next	10,000 gallons used per month	$ 4.83 per 1,000 gallons
All over	20,000 gallons used per month	$ 3.36 per 1,000 gallons

MINIMUM CHARGE
No minimum bill will be rendered for less than the following based on meter size:

5/8 inch meter	$ 25.35 per month
3/4 inch meter	$ 38.05 per month
1 inch meter	$ 63.40 per month
1-1/2 inch meter	$126.75 per month
2 inch meter	$202.80 per month
3 inch meter	$380.25 per month

DELAYED PAYMENT PENALTY
The above schedule is net. On all accounts not paid in full when due, then percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE
The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION - $20.00

To be charged whenever the supply of water is turned off for violation of rules, non-payment of bills or fraudulent use of water.

PRIVATE FIRE SERVICE

$150.00 yearly charge

LEAK ADJUSTMENT

$0.80 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed or a maximum of $25.00 will be imposed upon any customer whose check for payments of charges is returned by their bank due to insufficient funds.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Kenneth Lowe, Jr.
Shepherdstown
Dwight Calhoun
Petersburg
Dave McComas
Prichard

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

April 5, 2007

Randolph DeBiase, Chairman
Preston County Public Service District #1
P.O. Box 322 U Road
Arthurdale, West Virginia 26520

Re: REVISED Binding Commitment Letter
Preston County Public Service District #1
Water Project 2001W-602

Dear Mr. Debiase:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Preston County Public Service District #1's (the "District") request for revision to the Infrastructure Council's binding commitment offer of October 11, 2005 to the District for numerous system extensions and the addition of a water storage tank. At its May 5, 2006 meeting, the Infrastructure Council voted to revise the binding commitment to offer the District the Infrastructure Fund loan of $1,391,300 at 0%, 40 years as shown on the attached proposed Schedule A. The total project cost is $3,600,838.

If the District has any questions regarding this commitment, please contact Jeff Brady at the above-referenced telephone number.

Sincerely,

Kenneth Lowe, Jr.

KL/jb
Attachments
cc: Bob DeCrease, BPH
Tracey Rowan, WVDO
Rob Jurs, GGJ, Inc.
John Stump, Esquire, Steptoe & Johnson
Larry Fraley, Esquire
Zach Dobbins
Lea Wolfe, Region VI

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return two copies to the Infrastructure Council.

Preston County Public Service District #1

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Preston County Public Service District #1
Water Project 2001W-602
April 5, 2007 Revised

SCHEDULE A

A. Approximate Amount: $1,391,300 Loan

B. Loan: $1,391,300

1. Maturity Date: 40 years

2. Interest Rate: 0%

3. Loan Advancement Date(s) Monthly, upon receipt of proper requisition

4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.

5. Reserve & Coverage Requirements:

   A. Reserve requirements: One year's annual debt service
   OR
   Funding one year's annual debt service over the first ten years

   B. Coverage: 115% unless reserve fund is fully funded then coverage is 110%

6. Special Conditions: None

C. Other Funding:

SCBG	$1,402,700
DWTRF loan	806,838

D. Total Project Cost: $3,600,838

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

May 8, 2006

Patricia Taylor, Chairman
Preston County Public Service District #1
P.O. Box 322
Arthurdale, West Virginia 26520

Re: Preston County Public Service District #1
Water Project 2001W-602

Dear Ms. Taylor:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Preston County Public Service District #1's (the "District") revised preliminary application regarding its proposed project to construct numerous system extensions and add a water storage tank (the "Project").

Based on the findings of the Water Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the revised preliminary application, the Council recommends that the District utilize a $1,402,700 Small Cities Block Grant, a $1,391,300 Infrastructure Fund loan and pursue a $806,838 Drinking Water Treatment Revolving Fund loan to complete the funding of this $3,600,838 project. Please contact the West Virginia Bureau for Public Health office at 558-6715 for specific information on the steps the District needs to follow to apply for these funds . **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

If you have any questions regarding this matter, please contact Jeff Brady at 558-4607.

Sincerely,

Mark Prince

Enclosure
cc: Pat Taylor, P.E., BPH (w/o enclosure)
Tracey Rowan, SCBG (w/o enclosure)
Region VI Planning & Development Council
Nate Wonsick, GGJ, Inc.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE

Executive Secretary
Katy.Mallory@verizon.net

October 11, 2005

Pat Taylor, Chairman
Preston County Public Service District #1
Box 322 U Road
Arthurdale, West Virginia 26520

Re: Preston County Public Service District #1
Binding Commitment
Water Project 2001W-602

Dear Mr. Taylor:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan of approximately $1,391,300 (the "Loan") to the Preston County Public Service District #1 (the "District") for above referenced water project (the "Project"). The Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the District's compliance with the program requirements.

This commitment is contingent upon the Project meeting the following schedule:

a. Submit plans and specifications to the Bureau for Public Health no later than October 15, 2005;
b. File Certificate Case with the Public Service Commission no later than November 1, 2005;
c. Advertise for bids no later than March 15, 2005
(The District must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

723810.00001

If the District becomes aware that it will not meet one or more of the above schedule dates, the District should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the District to be unable to meet the schedule. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

The Water Development Authority (the "Authority"), on behalf of the Infrastructure Council, will enter into Loan agreement with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction and financing of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent commitment by any person or member of the Infrastructure Council or Authority shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the District has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Mark Prince

MP/km
Attachments

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

Preston County Public Service District #1

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Preston County Public Service District #1
Water Project 2001W-602
October 11, 2005

SCHEDULE A

A. Approximate Amount: $1,391,300 Loan

B. Loan: $1,391,300

1. Maturity Date: 20 years

2. Interest Rate: 0%

3. Loan Advancement Date(s) Monthly, upon receipt of proper requisition

4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.

5. Reserve & Coverage Requirements:

   A. Reserve requirements: One year's annual debt service
   OR
   Funding one year's annual debt service over the first ten years

   B. Coverage: 115% unless reserve fund is fully funded then coverage is 110%

6. Special Conditions: None

C. Other Funding:

SCBG $1,402,700

D. Total Project Cost: $2,794,000

Project Schedule

10/7/2005

		Funding:	
Project:	Preston County PSD #1	IJDC loan	$1,391,300 (0%, 20 years)
County:	Preston	SCBG	1,402,700
Project Number:	2001W-602		
		TOTAL	$2,794,000

Action	Responsible Party	Completion
Engineering Agreement (E/A)	District / GGJ	complete
Prepare & Submit Plans & Specs to BPH	GGJ	October 15, 2005
Plans & Specs. Review & Approval	BPH	November 15, 2005
Prepare & Submit all Permit Applications (DOH, NPDES)	GGJ	October 15, 2005
Prepare Rule 42	Zach Dobbins	October 31, 2005
User Agreements	PSD / Region VI	December 31, 2005
File Certificate Case with PSC	Larry Fraley	November 1, 2005
Review & Approve PSC Certificate	PSC	May 1, 2006
Rights-of-way, Easements & Land Acquisition	Larry Fraley	February 15, 2006
Authority to Advertise	IJDC	March 1, 2006
Advertise for Bids (30 days)	PSD / GGJ	March 15, 2006
Bid Opening (90 days)	PSD / GGJ	April 15, 2006
Loan Closing	Steptoe & Johnson	July 15, 2006
Complete Construction (12 months)	Contractors	July 2007

PSD meetings: 4th Tuesday of month

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Tim Stranko
Morgantown

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

July 7, 2005

Randy DiBiase, Chairman
Preston County Public Service District #1
Box 322 U Road
Arthurdale, West Virginia 26520

Re: Preston County Public Service District #1
Water Project 2001W-602

Dear Mr. DiBiase:

The West Virginia Infrastructure and Jobs Development Council, at its July 6, 2005 meeting, determined that the Preston County Public Service District #1 (the "District") should utilize a $1,402,700 Small Cities Block Grant and voted to offer a binding commitment for an Infrastructure Fund loan of $1,391,300 (0%, 20 yrs) to finance this $2,794,000 project. This project consists of constructing seven water system extensions and constructing/installing a 100,000 gallon water storage tank.

In order to receive the proposed binding commitment the District must adhere to a certain project schedule. Please contact Katy Mallory at 558-4607 by **August 29, 2005** to establish the necessary schedule and finalize the proposed binding commitment.

Sincerely,

Mark Prince

cc: Pat Taylor, BPH
Debbie Legg, WVDO
Region VI Planning & Development Council
GGJ, Inc.

723810.00001

Received Time Aug. 8. 8:30AM

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 12th day of July, 2007, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Preston County Public Service District No. 1 (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 12th day of July, 2007, the Authority received the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $1,391,300, numbered AR-1 (the "Series 2007 A Bonds"), and the Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), of the Issuer, in the principal amount of $806,838, numbered BR-1 (the "Series 2007 B Bonds"), both issued as a single, fully registered Bond, and both dated July 12, 2007.

2. At the time of such receipt, all the Series 2007 A Bonds and the Series 2007 B Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2007 A Bonds, of the sum of $159,291, being a portion of the principal amount of the Series 2007 A Bonds. The balance of the principal amount of the Series 2007 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2007 B Bonds, of the sum of $26,896, being a portion of the principal amount of the Series 2007 B Bonds. The balance of the principal amount of the Series 2007 B Bonds will be advanced by the Authority and the West Virginia Bureau for Public Health to the Issuer as acquisition and construction of the Project progresses.

WITNESS our respective signatures as of the date first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: _____
Its: Authorized Representative

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman

723810.00001

CH825871.2

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 12th day of July, 2007, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Preston County Public Service District No. 1 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the principal amount of $1,391,300 (the "Series 2007 A Bonds"), and Bond No. BR-1, constituting the entire original issue of Preston County Public Service District No. 1 Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), in the principal amount of $806,838 (the "Series 2007 B Bonds"), both dated July 12, 2007 (collectively, the "Bonds"), executed by the Chairman and the Secretary of Preston County Public Service District No. 1(the "Issuer") and bearing the official seal of the Issuer, respectively authorized to be issued under and pursuant to a Bond Resolution duly enacted by the Issuer on June 26, 2007, and a Supplemental Resolution duly adopted by the Issuer on June 26, 2007 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bonds, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of the loan agreement for the Series 2007 A Bonds, dated July 12, 2007, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council, and a loan agreement for the Series 2007 B Bonds, dated July 12, 2007, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (collectively, the "Loan Agreements"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreements and the Bonds.

You are hereby requested and authorized to deliver the Series 2007 A Bonds to the Authority upon payment to the Issuer of the sum of $159,291, representing a portion of the principal amount of the Series 2007 A Bonds. You are also hereby requested and authorized to deliver the

Series 2007 B Bonds to the Authority upon payment to the Issuer of the sum of $26,896, representing a portion of the principal amount of the Series 2007 B Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first stated above.

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

By: Randolph W. DeBruin
Its: Chairman

723810.00001

CH823794.2

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
WATER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $1,391,300

KNOW ALL MEN BY THESE PRESENTS: That on this day 12th of July, 2007, PRESTON COUNTY PUBLIC SERVICE DISTRICT No. 1, a public service district, public corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION THREE HUNDRED NINETY-ONE THOUSAND THREE HUNDRED DOLLARS ($1,391,300), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2009, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated July 12, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); (ii) to fund the Series 2007 A Bonds Reserve Account; and (iii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions,

additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on June 26, 2007, and a Supplemental Resolution duly adopted by the Issuer on June 26, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1972 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 11, 1972, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $213,000 (THE "SERIES 1972 BONDS"); (2) WATER REVENUE BONDS, SERIES 1974 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 13, 1974, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $70,000 (THE "SERIES 1974 BONDS"); (3) WATER REVENUE BONDS, SERIES 1995 A (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE OF $585,000 (THE "SERIES 1995 A BONDS"); (4) WATER REVENUE BONDS, SERIES 1995 B (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,190,000 (THE "SERIES 1995 B BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), DATED JULY 12, 2007, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $806,838 (THE "SERIES 2007 B BONDS"). THE SERIES 1972 BONDS, THE SERIES 1974 BONDS, THE SERIES 1995 A BONDS AND THE SERIES 1995 B BONDS ARE HEREINAFTER REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and the Series 2007 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has

covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2007 B Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2007 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 12, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$159,291	July 12, 2007	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

$1,391,300
Preston County Public Service District
0% Interest Rate; 40 Years from Closing Date
Closing Date: July 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	9,035.00	-	9,035.00
06/01/2009	9,035.00	-	9,035.00
09/01/2009	9,035.00	-	9,035.00
12/01/2009	9,035.00	-	9,035.00
03/01/2010	9,035.00	-	9,035.00
06/01/2010	9,035.00	-	9,035.00
09/01/2010	9,035.00	-	9,035.00
12/01/2010	9,035.00	-	9,035.00
03/01/2011	9,035.00	-	9,035.00
06/01/2011	9,035.00	-	9,035.00
09/01/2011	9,035.00	-	9,035.00
12/01/2011	9,035.00	-	9,035.00
03/01/2012	9,035.00	-	9,035.00
06/01/2012	9,035.00	-	9,035.00
09/01/2012	9,035.00	-	9,035.00
12/01/2012	9,035.00	-	9,035.00
03/01/2013	9,035.00	-	9,035.00
06/01/2013	9,035.00	-	9,035.00
09/01/2013	9,035.00	-	9,035.00
12/01/2013	9,035.00	-	9,035.00
03/01/2014	9,035.00	-	9,035.00
06/01/2014	9,035.00	-	9,035.00
09/01/2014	9,035.00	-	9,035.00
12/01/2014	9,035.00	-	9,035.00
03/01/2015	9,035.00	-	9,035.00
06/01/2015	9,035.00	-	9,035.00
09/01/2015	9,035.00	-	9,035.00
12/01/2015	9,035.00	-	9,035.00
03/01/2016	9,035.00	-	9,035.00
06/01/2016	9,035.00	-	9,035.00
09/01/2016	9,035.00	-	9,035.00
12/01/2016	9,035.00	-	9,035.00
03/01/2017	9,035.00	-	9,035.00
06/01/2017	9,035.00	-	9,035.00
09/01/2017	9,035.00	-	9,035.00
12/01/2017	9,035.00	-	9,035.00
03/01/2018	9,035.00	-	9,035.00
06/01/2018	9,035.00	-	9,035.00

$1,391,300
Preston County Public Service District
0% Interest Rate; 40 Years from Closing Date
Closing Date: July 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2018	9,035.00	-	9,035.00
12/01/2018	9,035.00	-	9,035.00
03/01/2019	9,035.00	-	9,035.00
06/01/2019	9,035.00	-	9,035.00
09/01/2019	9,035.00	-	9,035.00
12/01/2019	9,035.00	-	9,035.00
03/01/2020	9,035.00	-	9,035.00
06/01/2020	9,035.00	-	9,035.00
09/01/2020	9,035.00	-	9,035.00
12/01/2020	9,035.00	-	9,035.00
03/01/2021	9,035.00	-	9,035.00
06/01/2021	9,035.00	-	9,035.00
09/01/2021	9,035.00	-	9,035.00
12/01/2021	9,035.00	-	9,035.00
03/01/2022	9,035.00	-	9,035.00
06/01/2022	9,035.00	-	9,035.00
09/01/2022	9,035.00	-	9,035.00
12/01/2022	9,035.00	-	9,035.00
03/01/2023	9,035.00	-	9,035.00
06/01/2023	9,035.00	-	9,035.00
09/01/2023	9,035.00	-	9,035.00
12/01/2023	9,035.00	-	9,035.00
03/01/2024	9,035.00	-	9,035.00
06/01/2024	9,035.00	-	9,035.00
09/01/2024	9,035.00	-	9,035.00
12/01/2024	9,035.00	-	9,035.00
03/01/2025	9,034.00	-	9,034.00
06/01/2025	9,034.00	-	9,034.00
09/01/2025	9,034.00	-	9,034.00
12/01/2025	9,034.00	-	9,034.00
03/01/2026	9,034.00	-	9,034.00
06/01/2026	9,034.00	-	9,034.00
09/01/2026	9,034.00	-	9,034.00
12/01/2026	9,034.00	-	9,034.00
03/01/2027	9,034.00	-	9,034.00
06/01/2027	9,034.00	-	9,034.00
09/01/2027	9,034.00	-	9,034.00
12/01/2027	9,034.00	-	9,034.00
03/01/2028	9,034.00	-	9,034.00
06/01/2028	9,034.00	-	9,034.00
09/01/2028	9,034.00	-	9,034.00
12/01/2028	9,034.00	-	9,034.00
03/01/2029	9,034.00	-	9,034.00
06/01/2029	9,034.00	-	9,034.00

$1,391,300
Preston County Public Service District
0% Interest Rate; 40 Years from Closing Date
Closing Date: July 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2029	9,034.00	-	9,034.00
12/01/2029	9,034.00	-	9,034.00
03/01/2030	9,034.00	-	9,034.00
06/01/2030	9,034.00	-	9,034.00
09/01/2030	9,034.00	-	9,034.00
12/01/2030	9,034.00	-	9,034.00
03/01/2031	9,034.00	-	9,034.00
06/01/2031	9,034.00	-	9,034.00
09/01/2031	9,034.00	-	9,034.00
12/01/2031	9,034.00	-	9,034.00
03/01/2032	9,034.00	-	9,034.00
06/01/2032	9,034.00	-	9,034.00
09/01/2032	9,034.00	-	9,034.00
12/01/2032	9,034.00	-	9,034.00
03/01/2033	9,034.00	-	9,034.00
06/01/2033	9,034.00	-	9,034.00
09/01/2033	9,034.00	-	9,034.00
12/01/2033	9,034.00	-	9,034.00
03/01/2034	9,034.00	-	9,034.00
06/01/2034	9,034.00	-	9,034.00
09/01/2034	9,034.00	-	9,034.00
12/01/2034	9,034.00	-	9,034.00
03/01/2035	9,034.00	-	9,034.00
06/01/2035	9,034.00	-	9,034.00
09/01/2035	9,034.00	-	9,034.00
12/01/2035	9,034.00	-	9,034.00
03/01/2036	9,034.00	-	9,034.00
06/01/2036	9,034.00	-	9,034.00
09/01/2036	9,034.00	-	9,034.00
12/01/2036	9,034.00	-	9,034.00
03/01/2037	9,034.00	-	9,034.00
06/01/2037	9,034.00	-	9,034.00
09/01/2037	9,034.00	-	9,034.00
12/01/2037	9,034.00	-	9,034.00
03/01/2038	9,034.00	-	9,034.00
06/01/2038	9,034.00	-	9,034.00
09/01/2038	9,034.00	-	9,034.00
12/01/2038	9,034.00	-	9,034.00
03/01/2039	9,034.00	-	9,034.00
06/01/2039	9,034.00	-	9,034.00
09/01/2039	9,034.00	-	9,034.00
12/01/2039	9,034.00	-	9,034.00
03/01/2040	9,034.00	-	9,034.00
06/01/2040	9,034.00	-	9,034.00

$1,391,300
Preston County Public Service District
0% Interest Rate; 40 Years from Closing Date
Closing Date: July 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2040	9,034.00	-	9,034.00
12/01/2040	9,034.00	-	9,034.00
03/01/2041	9,034.00	-	9,034.00
06/01/2041	9,034.00	-	9,034.00
09/01/2041	9,034.00	-	9,034.00
12/01/2041	9,034.00	-	9,034.00
03/01/2042	9,034.00	-	9,034.00
06/01/2042	9,034.00	-	9,034.00
09/01/2042	9,034.00	-	9,034.00
12/01/2042	9,034.00	-	9,034.00
03/01/2043	9,034.00	-	9,034.00
06/01/2043	9,034.00	-	9,034.00
09/01/2043	9,034.00	-	9,034.00
12/01/2043	9,034.00	-	9,034.00
03/01/2044	9,034.00	-	9,034.00
06/01/2044	9,034.00	-	9,034.00
09/01/2044	9,034.00	-	9,034.00
12/01/2044	9,034.00	-	9,034.00
03/01/2045	9,034.00	-	9,034.00
06/01/2045	9,034.00	-	9,034.00
09/01/2045	9,034.00	-	9,034.00
12/01/2045	9,034.00	-	9,034.00
03/01/2046	9,034.00	-	9,034.00
06/01/2046	9,034.00	-	9,034.00
09/01/2046	9,034.00	-	9,034.00
12/01/2046	9,034.00	-	9,034.00
03/01/2047	9,034.00	-	9,034.00
06/01/2047	9,034.00	-	9,034.00
Total	**$1,391,300.00**	-	**$1,391,300.00**

Yield Statistics

Bond Year Dollars	$28,884.21
Average Life	20.761 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.20E-10
Bond Yield for Arbitrage Purposes	1.20E-10
All Inclusive Cost (AIC)	1.20E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.761 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
WATER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1 $806,838

KNOW ALL MEN BY THESE PRESENTS: That on this 12th day of July, 2007, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1, a public corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of EIGHT HUNDRED AND SIX THOUSAND EIGHT HUNDRED AND THIRTY EIGHT DOLLARS ($806,838), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing March 1, 2009, as set forth in the Debt Service Schedule attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2009, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated July 12, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing

public waterworks system of the Issuer (the "Project"); (ii) to fund the Series 2007 B Bonds Reserve Account; and (iii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on June 26, 2007, and a Supplemental Resolution duly adopted by the Issuer on June 26, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1972 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 11, 1972, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $213,000 (THE "SERIES 1972 BONDS"); (2) WATER REVENUE BONDS, SERIES 1974 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 13, 1974, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $70,000 (THE "SERIES 1974 BONDS"); (3) WATER REVENUE BONDS, SERIES 1995 A (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $585,000 (THE "SERIES 1995 A BONDS"); (4) WATER REVENUE BONDS, SERIES 1995 B (UNITED STATES DEPARTMENT OF AGRICULTURE) DATED SEPTEMBER 19, 1995 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,190,000 (THE "SERIES 1995 B BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JULY 12, 2007, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,391,300 (THE "SERIES 2007 A BONDS"). THE SERIES 1972 BONDS, THE SERIES 1974 BONDS, THE SERIES 1995 A BONDS, AND THE SERIES 1995 B BONDS ARE HEREINAFTER REFERRED TO AS THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and the Series 2007 A Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or

limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2007 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2007 A Bonds; provided however, that so long as there exists in the Series 2007 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2007 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 12, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$26,896	July 12, 2007	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

$806,838

Preston County Public Service District

0% Interest Rate; 1.0% Administrative Fee; 30 Years

Closing Date: July 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	6,724.00	-	6,724.00
06/01/2009	6,724.00	-	6,724.00
09/01/2009	6,724.00	-	6,724.00
12/01/2009	6,724.00	-	6,724.00
03/01/2010	6,724.00	-	6,724.00
06/01/2010	6,724.00	-	6,724.00
09/01/2010	6,724.00	-	6,724.00
12/01/2010	6,724.00	-	6,724.00
03/01/2011	6,724.00	-	6,724.00
06/01/2011	6,724.00	-	6,724.00
09/01/2011	6,724.00	-	6,724.00
12/01/2011	6,724.00	-	6,724.00
03/01/2012	6,724.00	-	6,724.00
06/01/2012	6,724.00	-	6,724.00
09/01/2012	6,724.00	-	6,724.00
12/01/2012	6,724.00	-	6,724.00
03/01/2013	6,724.00	-	6,724.00
06/01/2013	6,724.00	-	6,724.00
09/01/2013	6,724.00	-	6,724.00
12/01/2013	6,724.00	-	6,724.00
03/01/2014	6,724.00	-	6,724.00
06/01/2014	6,724.00	-	6,724.00
09/01/2014	6,724.00	-	6,724.00
12/01/2014	6,724.00	-	6,724.00
03/01/2015	6,724.00	-	6,724.00
06/01/2015	6,724.00	-	6,724.00
09/01/2015	6,724.00	-	6,724.00
12/01/2015	6,724.00	-	6,724.00
03/01/2016	6,724.00	-	6,724.00
06/01/2016	6,724.00	-	6,724.00
09/01/2016	6,724.00	-	6,724.00
12/01/2016	6,724.00	-	6,724.00
03/01/2017	6,724.00	-	6,724.00
06/01/2017	6,724.00	-	6,724.00
09/01/2017	6,724.00	-	6,724.00
12/01/2017	6,724.00	-	6,724.00
03/01/2018	6,724.00	-	6,724.00
06/01/2018	6,724.00	-	6,724.00

$806,838
Preston County Public Service District
0% Interest Rate; 1.0% Administrative Fee; 30 Years
Closing Date: July 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2018	6,724.00	-	6,724.00
12/01/2018	6,724.00	-	6,724.00
03/01/2019	6,724.00	-	6,724.00
06/01/2019	6,724.00	-	6,724.00
09/01/2019	6,724.00	-	6,724.00
12/01/2019	6,724.00	-	6,724.00
03/01/2020	6,724.00	-	6,724.00
06/01/2020	6,724.00	-	6,724.00
09/01/2020	6,724.00	-	6,724.00
12/01/2020	6,724.00	-	6,724.00
03/01/2021	6,724.00	-	6,724.00
06/01/2021	6,724.00	-	6,724.00
09/01/2021	6,724.00	-	6,724.00
12/01/2021	6,724.00	-	6,724.00
03/01/2022	6,724.00	-	6,724.00
06/01/2022	6,724.00	-	6,724.00
09/01/2022	6,724.00	-	6,724.00
12/01/2022	6,724.00	-	6,724.00
03/01/2023	6,724.00	-	6,724.00
06/01/2023	6,724.00	-	6,724.00
09/01/2023	6,724.00	-	6,724.00
12/01/2023	6,724.00	-	6,724.00
03/01/2024	6,724.00	-	6,724.00
06/01/2024	6,724.00	-	6,724.00
09/01/2024	6,724.00	-	6,724.00
12/01/2024	6,724.00	-	6,724.00
03/01/2025	6,724.00	-	6,724.00
06/01/2025	6,724.00	-	6,724.00
09/01/2025	6,724.00	-	6,724.00
12/01/2025	6,724.00	-	6,724.00
03/01/2026	6,724.00	-	6,724.00
06/01/2026	6,724.00	-	6,724.00
09/01/2026	6,724.00	-	6,724.00
12/01/2026	6,724.00	-	6,724.00
03/01/2027	6,724.00	-	6,724.00
06/01/2027	6,724.00	-	6,724.00
09/01/2027	6,724.00	-	6,724.00
12/01/2027	6,724.00	-	6,724.00
03/01/2028	6,724.00	-	6,724.00
06/01/2028	6,724.00	-	6,724.00
09/01/2028	6,723.00	-	6,723.00
12/01/2028	6,723.00	-	6,723.00
03/01/2029	6,723.00	-	6,723.00
06/01/2029	6,723.00	-	6,723.00

$806,838

Preston County Public Service District

0% Interest Rate; 1.0% Administrative Fee; 30 Years

Closing Date: July 12, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2029	6,723.00	-	6,723.00
12/01/2029	6,723.00	-	6,723.00
03/01/2030	6,723.00	-	6,723.00
06/01/2030	6,723.00	-	6,723.00
09/01/2030	6,723.00	-	6,723.00
12/01/2030	6,723.00	-	6,723.00
03/01/2031	6,723.00	-	6,723.00
06/01/2031	6,723.00	-	6,723.00
09/01/2031	6,723.00	-	6,723.00
12/01/2031	6,723.00	-	6,723.00
03/01/2032	6,723.00	-	6,723.00
06/01/2032	6,723.00	-	6,723.00
09/01/2032	6,723.00	-	6,723.00
12/01/2032	6,723.00	-	6,723.00
03/01/2033	6,723.00	-	6,723.00
06/01/2033	6,723.00	-	6,723.00
09/01/2033	6,723.00	-	6,723.00
12/01/2033	6,723.00	-	6,723.00
03/01/2034	6,723.00	-	6,723.00
06/01/2034	6,723.00	-	6,723.00
09/01/2034	6,723.00	-	6,723.00
12/01/2034	6,723.00	-	6,723.00
03/01/2035	6,723.00	-	6,723.00
06/01/2035	6,723.00	-	6,723.00
09/01/2035	6,723.00	-	6,723.00
12/01/2035	6,723.00	-	6,723.00
03/01/2036	6,723.00	-	6,723.00
06/01/2036	6,723.00	-	6,723.00
09/01/2036	6,723.00	-	6,723.00
12/01/2036	6,723.00	-	6,723.00
03/01/2037	6,723.00	-	6,723.00
06/01/2037	6,723.00	-	6,723.00
09/01/2037	6,723.00	-	6,723.00
12/01/2037	6,723.00	-	6,723.00
03/01/2038	6,723.00	-	6,723.00
06/01/2038	6,723.00	-	6,723.00
09/01/2038	6,723.00	-	6,723.00
12/01/2038	6,723.00	-	6,723.00
Total	**$806,838.00**	-	**$806,838.00** *

*Plus $1,016.93 one-percent Administrative Fee paid quarterly. Total fee over life of loan is $122,031.60

$806,838

Preston County Public Service District

0% Interest Rate; 1.0% Administrative Fee; 30 Years

Closing Date: July 12, 2007

Debt Service Schedule

Yield Statistics	
Bond Year Dollars	$13,321.38
Average Life	16.511 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	5.35E-12
Bond Yield for Arbitrage Purposes	5.35E-12
All Inclusive Cost (AIC)	0.9094520%

IRS Form 8038	
Net Interest Cost	-
Weighted Average Maturity	16.511 Years

File | Preston County PSD Loans.sf | DWTRF 6-12-07 | 6/18/2007 | 10:24 AM

Ferris, Baker Watts, Incorporated

West Virginia Public Finance (Joseph E. Nassif, Investment Banker)

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

July 12, 2007

Preston County Public Service District No. 1
Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund)

Preston County Public Service District No. 1
Arthurdale, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Preston County Public Service District No. 1 (the "Issuer"), a public service district, public corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $1,391,300 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated July 12, 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2009, and to and including June 1, 2047, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) funding the Series 2007 A Bonds Reserve Account; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on June 26, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 26, 2007 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds

TERRALEX

are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge, and source of and security for payment with the Issuer's (i) Water Revenue Bonds, Series 1972 (United States Department of Agriculture) dated October 11, 1972, issued in the original aggregate principal amount of $213,000 (the "Series 1972 Bonds"), (ii) Water Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 13, 1974, issued in the original aggregate principal amount of $70,000 (the "Series 1974 Bonds), (iii) Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000 (the "Series 1995 A Bonds), and (iv) Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000 (the "Series 1995 B Bonds") (collectively, the "Prior Bonds"), and Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated July 12, 2007, issued in the original aggregate principal amount of $806,838 (the "Series 2007 B Bonds"), issued concurrently herewith, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by 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 and the application of equitable remedies in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

723810.00001

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

July 12, 2007

Preston County Public Service District No. 1
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

Preston County Public Service District No. 1
Arthurdale, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Preston County Public Service District No. 1 (the "Issuer"), a public service district, public corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $806,838 Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated July 12, 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2009, and to and including December 1, 2038, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to an Administrative Fee equal to 1% of the principal amount of the Series 2007 B Bonds, payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2009, as set forth in the Schedule Y.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) funding the Series 2007 B Bonds Reserve Account; and (iii) paying certain costs of issuance and related costs.

TERRALEX

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on June 26, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 26, 2007 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the BPH and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) Water Revenue Bonds, Series 1972 (United States Department of Agriculture) dated October 11, 1972, issued in the original aggregate principal amount of $213,000 (the "Series 1972 Bonds"), (ii) Water Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 13, 1974, issued in the original aggregate principal amount of $70,000 (the "Series 1974 Bonds), (iii) Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000 (the "Series 1995 A Bonds), and (iv) Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000 (the "Series 1995 B Bonds") (collectively, the "Prior Bonds"), and Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated July 12, 2007, issued in the original aggregate principal amount of $1,391,300 (the "Series 2007 A Bonds"), issued concurrently herewith, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest, if any, on the Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by 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 and the application of equitable remedies in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

06.04.07
723810.00001

CH823800.2

FRALEY LEGAL SERVICES
ATTORNEYS AT LAW
P. O. Box 186
Reedsville, WV 26547
Telephone-FAX 304-864-6955

LAWRENCE E. FRALEY, III

JO ANN B. FRALEY

July 12, 2007

Preston County Public Service District No. 1
Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

Preston County Public Service District No. 1
Arthurdale, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Preston County Public Service District No. 1 in Preston County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2007 A Bonds, dated July 12, 2007, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), a loan agreement for the Series 2007 B Bonds, dated July 12, 2007, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreement"), a Bond Resolution duly adopted by the Issuer on June 26, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 26, 2007 (collectively, the "Bond Legislation"), orders of The County Commission of Preston County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

9. I have ascertained that all successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

Lawrence E. Fraley, III
Counsel for Preston County PSD No. 1

CH823805.1

FINAL TITLE OPINION

WATER/WASTEWATER PROJECTS
INFRASTRUCTURE FUND FINANCING

July 12, 2007

West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, WV 25301

Drinking Water Treatment Revolving Fund
1 Davis Square, Suite 200
Capital & Washington Streets
Charleston, WV 25301-1798

Re: Preston County Public Service District Number One
Water Line Extension Project and construction/installation of a water storage tank

Dear Sir/Madam:

I, Lawrence E. Fraley, III, represent Preston County Public Service District No. 1 ("PSD No. 1") with regard to a proposed project to construct water line extensions to the existing water distribution system of PSD No. 1 along several roads in the Kingwood, Valley, and Lyon Districts of Preston County, WV, and to construct and/or install a 100,000-gallon water storage tank ("the Project"). I am providing this final title opinion on behalf of PSD No. 1 to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council ("the Council") with regard to the Infrastructure Fund and Drinking Water Treatment Revolving Fund financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the public service district, PSD No. 1, is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia, and has the full power and authority to construct, operate and maintain the Project as approved by the Division of Environmental Protection and Bureau for Public Health of West Virginia.

2. That PSD No. 1 has obtained approval for all necessary permits and approvals for the construction of the Project.

3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including surface parcels, easements and/or rights-of-way, required for the Project as set forth in the plans for the Project prepared by GGJ Inc., the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Preston County, West Virginia, the county in which the Project is to be located, and in my opinion, PSD No. 1 has acquired legal title or such other estate or interest in and to all of the necessary site components for the Project, or the court-ordered right to enter and take possession thereof pending an

action in eminent domain; including two surface parcels and all easements and/or rights-of-way, sufficient to assure undisturbed use and possession of said site components for the purpose of construction, operation and maintenance of the facilities to be constructed, for their estimated life.

5. That all deeds, right-of-way agreements, court Orders, or other documents which have been acquired to-date by PSD No. 1 have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the public service district.

6. PSD No. 1 has obtained from the West Virginia Department of Highways approval for a permit authorizing the construction of the Project as described in the plans upon, over, and through public rights-of-way as shown in the plans.

7. PSD No. 1 has been granted a Certificate of Convenience and Necessity for this project by the West Virginia Public Service Commission, by order issued December 19th, 2006.

This opinion is subject to any legal rights of any person or entity that may not be of record in the offices of the Preston County Clerk or Assessor, to such facts as would be revealed by accurate survey or visual observation of the premises, and to the correctness of the indices to the records of Preston County and of the records themselves.

If you have any questions regarding any of the information contained in the Final Title Opinion, please contact this office at (304) 864-6955.

Lawrence E. Fraley, III
WV State Bar ID No. 6316
P. O. Box 186
Reedsville, WV 26547
Phone/Fax: (304) 864-6955
e-mail: lefraley@netzero.net

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDER
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. SAFE DRINKING WATER ACT
20. EXECUTION OF COUNTERPARTS

On this 12th day of July, 2007, we, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Preston County Public Service District No. 1 in Preston County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the Issuer's Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), both dated the date hereof (collectively, the "Bonds" or individually, the "Series 2007 A Bonds" and the "Series 2007 B Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution of the

Issuer duly adopted June 26, 2007, and a Supplemental Resolution of the Issuer duly adopted June 26, 2007 (collectively, the "Bond Legislation"), when used herein.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the collection or use of the revenues of the System, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other monies or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the Gross Revenues of the System, or the pledge of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer will provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Water Revenue Bonds, Series 1972, (United States Department of Agriculture) dated October 11, 1972, issued in the original aggregate principal amount of $213,000, (ii) Water Revenue Bonds, Series 1974, (United States Department of Agriculture) dated September 13, 1974, issued in the original aggregate principal amount of $70,000, (iii) Water Revenue Bonds, Series 1995 A, (United States Department of Agriculture) dated September 19, 1995, issued in the original aggregate principal amount of $585,000 and (iv) Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $1,190,000 (collectively, the "Prior Bonds").

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by

revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

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

Bond Resolution

Supplemental Resolution

Infrastructure Council Loan Agreement

DWTRF Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

County Commission Orders on the Creation and Expansion of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Consent of Rural Utilities Service to Issuance of Parity Bonds

1972, 1974 and 1995 Bond Resolutions

Environmental Health Services Permit

Title Opinion
Evidence of Insurance

6. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Preston County Public Service District No. 1". The Issuer is a public service district and public corporation in Preston County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of

the Issuer is its Public Service Board, consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement Of Office	Date of Termination Of Office
Joyce Taylor	February 20, 2003	February 20, 2009
Randy DeBiase	January 28, 2005	January 28, 2011
Patricia Taylor	January 31, 2006	January 31, 2012

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of the Issuer for calendar year 2007 are as follows:

Chairman - Randy DeBiase
Secretary - Joyce Taylor
Treasurer - Patricia Taylor

The duly appointed and acting counsel to Issuer is Lawrence Fraley, Esquire, Reedsville, West Virginia.

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

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with and has met the requirements of the Loan Agreement.

11. RATES: The Issuer has received the Recommend Decision of the Public Service Commission of West Virginia entered on December 19, 2006, which became a Final Order on January 8, 2007, in Case No.05-1602-PWD-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Order has expired prior to the date hereof without any appeal.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on December 19, 2006, which became a Final Order on January 8, 2007 and Commission Order dated June 15, 2007 in Case No. 05-1602-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Commission Order dated June 15, 2007 has not expired prior to the date hereof. The Issuer hereby certifies that it does not intend to appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. The Orders remain in full force and effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond for each series of the Bonds, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate, register and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received $159,291 from the Authority and the Council, being a portion of the principal amount of the Series 2007 A Bonds and $26,896 from the Authority and the BPH, being a portion of the principal amount of the Series 2007 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published any required notice with respect to, among other things,

the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

16. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

19. SAFE DRINKING WATER ACT: The Project as described in the Bond Legislation complies with the Safe Drinking Water Act.

20. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official seal of PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 as of the date first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to Issuer

723810.00001

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

CERTIFICATE OF ENGINEER

On this 12th day of July, 2007, I, William B. Boyle, Registered Professional Engineer, West Virginia License No. 14853 of GGJ, Inc., Eastlake, Ohio, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments, improvements and extensions (the "Project") to the existing public waterworks system (the "System) of Preston County Public Service District No. 1 (the "Issuer"), to be constructed primarily in Preston County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on June 26, 2007, as supplemented by the Supplemental Resolution adopted by the Issuer on June 26, 2007, and the Loan Agreement for the Series 2007 A Bonds dated July 9, 2007, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Loan Agreement for the Series 2007 B Bonds dated July 12, 2007, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project, (ii) funding the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account, and (iii) paying costs of issuance of the Bonds and related costs.

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

Lawrence Fraley, Esquire, will, prior to the Issuer executing the construction contracts for the Project, ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Gary Bennett, CPA, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Loan Agreement and the Bond Resolution; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably committed therefor, and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Authority, the Council, and the BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal as of the date first written above.

GGJ, INC.

William B. Boyle, P.E.
West Virginia License No. 14853
GGJ, Inc.

[SEAL]

WILLIAM B. BOYLE, JR.
REGISTERED
14853
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

723810.00001

SCHEDULE B

6/21/2007

PRESTON COUNTY PSD #1
WATER PROJECT

A. Cost of Project	Total	WVSCBG	IJDC	DWTRF
1. Construction				
Contract 1 (Lines)	$ 2,527,808.00	$ 1,013,500.00	$ 734,366.00	$ 779,942.00
Contract 2 (Tank)	$ 178,924.00	$ -	$ 178,924.00	
Construction Contingency 7.7%	$ 208,768.00	$ -	$ 208,768.00	$ -
2. Technical Services (GGJ)				
a. Planning	$ -	$ -	$ -	$ -
b. Design	$ 160,500.00	$ 160,500.00	$ -	$ -
c. Engineering/Construction	$ 139,500.00	$ 139,500.00	$ -	$ -
d. Special Services	$ 57,000.00		$ 57,000.00	$ -
3. Legal & Fiscal				
a. Legal (Lawrence Fraley)	$ 25,000.00	$ 5,000.00	$ 20,000.00	$ -
b. Accounting (Gary Bennett)	$ 7,500.00	$ 4,200.00	$ 3,300.00	$ -
4. Administrative (Region VI)	$ 60,000.00	$ 50,000.00	$ 10,000.00	$ -
5. Sites & Other Lands	$ 40,000.00	$ 25,000.00	$ 15,000.00	$ -
6. Miscellaneous	$ 10,000.00	$ 5,000.00	$ 5,000.00	$ -
7. a. 1995 A Reserve	$ 25,294.00		$ 25,294.00	$ -
b. 1995 B Reserve	$ 46,589.00		$ 46,589.00	
8. Project Contingency	$ 29,919.00		$ 29,919.00	
9. Total of Lines 1 through 8	$ 3,516,802.00	$ 1,402,700.00	$ 1,334,160.00	$ 779,942.00
B. Cost of Financing				
10. Funded Reserve Account	$ 63,036.00	$ -	$ 36,140.00	$ 26,896.00
11. Registrar	$ 1,000.00	$ -	$ 1,000.00	$ -
12. Bond Counsel	$ 20,000.00	$ -	$ 20,000.00	$ -
13. Cost of Financing (Lines 10 through 12)	$ 84,036.00	$ -	$ 57,140.00	$ 26,896.00
14. Total Cost of Project (line 9 plus line 13)	$ 3,600,838.00	$ 1,402,700.00	$ 1,391,300.00	$ 806,838.00
C. Source of Funds				
15. Federal Grants	$ -	$ -	$ -	$ -
16. State Grants (SCBG)	$ 1,402,700.00	$ 1,402,700.00	$ -	$ -
17. Any Other Source	$ -	$ -	$ -	$ -
18. Total of Lines 15 through 17	$ 1,402,700.00	$ 1,402,700.00	$ -	$ -
19. Net Proceeds form Bond Issue (Line 14 minus line 18)	$ 2,198,138.00	$ -	$ 1,391,300.00	$ 806,838.00

Rudolph DeBruin
PRESTON COUNTY PSD #1

6-26-07
DATE

William B Boyle Jr
ENGINEER GST, Inc.

6-28-07
DATE

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

On this 12th day of July, 2007, the undersigned Chairman of the Public Service Board of Preston County Public Service District No. 1 in Preston County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $1,391,300 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds") and $806,838 Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program) (the "Series 2007 B Bonds"), of the Issuer, both dated July 12, 2007 (collectively, the "Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on June 26, 2007 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 12, 2007, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal of the Bonds and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), the West Virginia

Infrastructure and Jobs Development Council (the "Council"), or the West Virginia Bureau for Public Health (the "BPH"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2007 A Bonds were sold on July 12, 2007, to the Authority, pursuant to a loan agreement dated July 12, 2007, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $1,391,300 (100% of par), at which time, the Issuer received $159,291 from the Authority and the Council, being the first advance of the principal amount of the Series 2007 A Bonds. No accrued interest has been or will be paid on the Series 2007 A Bonds. The balance of the principal amount of the Series 2007 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2007 B Bonds were sold on July 12, 2007, to the Authority, pursuant to a loan agreement dated July 12, 2007, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of $806,838 (100% of par), at which time, the Issuer received $26,896 from the Authority and the BPH, being the first advance of the principal amount of the Series 2007 B Bonds. No accrued interest has been or will be paid on the Series 2007 B Bonds. The balance of the principal amount of the Series 2007 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) funding the Series 2007 A Bonds and Series 2007 B Bonds Reserve Accounts; and (iii) paying certain costs of issuance of the Bonds and related costs.

8. Within 30 days after the delivery of the Series 2007 Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment, or has already done so. The acquisition, construction and equipping of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the respective Reserve Accounts for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before September 1, 2008. The acquisition and construction of the Project is expected to be completed by May 1, 2008.

9. The total cost of the Project is estimated at $3,600,838. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2007 A Bonds	$ 1,391,300
Proceeds of the Series 2007 B Bonds	$ 806,838
Small Cities Block Grant	$1,402,700
Total Sources	$ 3,600,838

USES

Costs of Acquisition and Construction of the Project	$ 3,516,802
Fund Series 2007 A Bonds Reserve Account	$36,140
Fund Series 2007 B Bonds Reserve Account	$26,896
Costs of Issuance	$ 21,000
Total Uses	$3,600,838

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2007 A Bonds Construction Trust Fund;

(4) Series 2007 B Bonds Construction Trust Fund;

(5) Series 2007 A Bonds Sinking Fund;

(6) Series 2007 A Bonds Reserve Account;

(7) Series 2007 B Bonds Sinking Fund; and

(8) Series 2007 B Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(1) Series 2007 A Bond proceeds in the amount of $-0- will be deposited in the Series 2007 A Bonds Sinking Fund to cover capitalized interest.

(2) Series 2007 B Bond proceeds in the amount of $-0- will be deposited in the Series 2007 B Bonds Sinking Fund to cover capitalized interest.

(3) Series 2007 A Bond proceeds in the amount of $36,140 will be deposited in the Series 2007 A Bonds Reserve Account to cover capitalized interest.

(4) Series 2007 B Bond proceeds in the amount of $26,896 will be deposited in the Series 2007 B Bonds Reserve Account to cover capitalized interest.

(5) All proceeds of the Series 2007 A Bonds will be deposited in the Series 2007 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2007 A Bonds and related costs.

(6) All proceeds of the Series 2007 B Bonds will be deposited in the Series 2007 B Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2007 B Bonds and related costs.

12. Monies held in the Series 2007 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2007 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2007 A Bonds Sinking Fund and Series 2007 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2007 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Monies held in the Series 2007 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2007 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2007 B Bonds Sinking Fund and Series 2007 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2007 B Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

14. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 9 months of the date hereof.

15. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

16. With the exception of the amount deposited in the Series 2007 A Bonds Reserve Account, if any, all of the proceeds of the Series 2007 A Bonds will be expended on the Project within 13 months from the date of issuance thereof.

17. With the exception of the amount deposited in the Series 2007 B Bonds Reserve Account, if any, all of the proceeds of the Series 2007 B Bonds will be expended on the Project within 13 months from the date of issuance thereof.

18. The Issuer does not expect to sell or otherwise dispose of the Project prior to the last maturity date of the Bonds.

19. The amount designated as cost of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

20. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

21. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

22. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of Bonds so that use of proceeds from each series of the Bonds can be accounted for.

23. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

24. The Issuer shall use the Bond proceeds solely for the costs of the Project and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

25. The Bonds are not federally guaranteed.

26. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental bonds.

27. The Issuer has either (a) funded the Series 2007 A Bonds Reserve Account and Series 2007 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds; or (b) created the Series 2007 A Bonds Reserve Account and Series 2007 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2007 A Bonds Reserve Account and Series 2007 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2007 A Bonds Reserve Account and Series 2007 B Bonds Reserve Account, if any, and the Series 2007 A Bonds Sinking Fund and Series 2007 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

28. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

29. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

30. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

WITNESS my signature as of the date first written above.

PRESTON PUBLIC SERVICE DISTRICT NO. 1

Randolph W. DeBrosi

Chairman

723810.00001

GARY K. BENNETT

Certified Public Accountant

317 Cleveland Avenue
Fairmont, WV 26554
Telephone: (304) 366-4295
Fax: (304) 366-4311

July 12, 2007

Preston County Public Service District No. 1
Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Council) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

Preston County Public Service District
Arthurdale, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States Department of Agriculture
Elkins, West Virginia

West Virginia Infrastructure & Jobs
Development Council
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia in Case 05-1602-PWD-CN, entered December 19, 2006, which became the Final Order on January 8, 2007, the projected operating expenses and the anticipated customer usage as furnished to us by GGJ, Inc., the Consulting Engineer to Preston County Public Service District No. 1 (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will pay all operating expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program) (the "Bonds"), to be issued to the West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System, including the Issuer's Water Revenue Bonds, Series 1972 (United States Department of Agriculture), Water Revenue Bonds, Series 1974 (United States Department of Agriculture), Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), and Water Revenue Bonds, Series 1995 B (United States Department of Agriculture) (the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Bonds are issued will be at least 120% of the average annual debt service requirements on the Bonds and the Prior Bonds

Very truly yours

Zachary D. Dobbins, CPA
Bennett & Dobbins PLLC

This case is assigned to Frank B. Everhart, Commissioner of Accounts.

Done before me as Clerk of said Court, on the 9th day of November, 1964.

_____, Clerk.

STATE OF WEST VIRGINIA:

In the Clerk's Office of the County Court of Preston County, in vacation, ss:

I, Hazel Jenkins, Clerk of the County Court of the County aforesaid, do hereby certify that the Delinquent Sales List from Sheriff's Sale held on October 19, 1964 and copy thereof, with Certificates of Oath attached, were returned by Ralph N. Brown, Sheriff, to this office on this date.

Given under my hand this 9th day of November, 1964.

_____, Clerk.

STATE OF WEST VIRGINIA:

In the Clerk's Office of the County Court of Preston County, in vacation, ss:

Upon the written request of Samuel Hibbs, widower, and sole heir at law of Iona Florence Hibbs, deceased, that Monroe F. Timmons be appointed in his place to administer said estate, therefore,

On motion of Monroe F. Timmons of R#1, Independence, W. Va., who took the oath prescribed by law, and with Dennis B. Holmes, his surety, entered into and acknowledged legal bond in the penalty of Twenty-seven Hundred ($2700.00) Dollars, conditioned according to law; the said Monroe F. Timmons is thereupon appointed Administrator of the estate of Iona Florence Hibbs, deceased.

And on the further motion of the said Monroe F. Timmons; John Forman, Lester N. Bolyard and Edward Nestor are appointed appraisers of said estate.

This case is assigned to Cramer W. Gibson, Commissioner of Accounts.

Done before me as Clerk of said Court, on the 10th day of November, 1964.

_____, Clerk.

- - - - - - - o O o - - - - - -

REGULAR STATUTORY SESSION CONTINUED

November 10, 1964

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, Ss:-

Court met in Continuance of Regular Session and ex-officio as Board of Canvassers on Tuesday November 10, 1964.

PRESENT: Ward F. Thomas, President; Norman Harned, Albert McKinney, James Phillips, D. D. Wotring, Paul Wilt, and Everett Bolyard, Commissioners; also present, Hazel Jenkins, County Clerk.

On motion of Albert McKinney, seconded by Norman Harned, and by unanimous vote the following order

creating Public Service District No. 1 is approved as follows:-

ORDER CREATING PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Pursuant to an order of the County Court of Preston County entered on the 3rd day of August, 1964, proposing the creation of Preston County Public Service District No. 1 within Valley District of said Preston County, and embracing the territory of the municipal corporation of Reedsville, and upon a hearing upon the creation of said proposed Public Service District being set for and held on the 8th day of September, 1964, after notice of said hearing was duly published in The Preston County Journal, a weekly newspaper more than ten (10) days prior to said hearing, said notice thereof setting forth a description of all of the territory proposed to be included therein; a hearing was held before said County Court as specified in said notice, on the 8th day of September, 1964, for the purpose of determining the feasibility of the creation of said proposed Public Service District No. 1, at which hearing there appeared certain persons who testified in favor of the creation of said Public Service District No. 1, and at which hearing no person appeared in opposition to the creation thereof, and there was no written protest filed in opposition to the creation of said Public Service District No. 1, requiring a referendum of voters concerning the creation thereof; and upon mature consideration and after a hearing as required by said Chapter 16, Article 13A, of said West Virginia Code, the County Court of Preston County accordingly hereby finds that the construction or acquisition by purchase or otherwise, and the maintenance, operation, improvement, and extension of properties supplying water service within the limits of the territory of said Public Service District No. 1, hereinafter described, will be conducive to the public health, comfort and convenience of such area, and the citizens residing therein; and it further clearly appearing to said County Court, and the County Court accordingly hereby further finds that the creation of said Public Service District No. 1, for the purposes aforesaid, is feasible, and that the creation thereof, as well as the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement and extension of public service properties by such Public Service District will be conducive to the preservation of the public health, comfort and convenience of such area, it is accordingly hereby ORDERED and ADJUDGED under the power vested in the County Court of Preston County by virtue of Chapter 16, Article 13A, of the West Virginia Code of 1931, as amended, that there be created, and there is hereby created, Preston County Public Service District No. 1, for the purpose of constructing or acquiring, by purchase or otherwise, and for the maintenance, operation, improvement and extension of properties supplying water services in the hereinafter described part of Valley District of said County, and including the municipality of the Town of Reedsville, which said Public Service District No. 1, is more particularly bounded and described as follows:

Beginning at a point in the center of the road at the intersection of the Bretz road and Route #92; thence with the following roads: with Route #7 South 4,000'± to the intersection of route $\frac{7}{5}$, thence with route $\frac{7}{5}$ E. 1,250'± to intersection Sunny Hill road; thence with Sunny Hill road N.E. 5,125'± to intersection of route #25; thence with #25 S.E. 3,650'± to point in road; thence N.E. 2,000'± to point in road on route #25; thence with same route #25 S.E. 8,000'± to intersection of Route $\frac{25}{5}$; thence with $\frac{25}{5}$ S.W. 11,600'± to intersection of route $\frac{7}{6}$; thence with route $\frac{7}{6}$ S.E. 8,000' to intersection of Route #7; thence with Route #7 W. 5,280'± to Route #56 (Morgan Mine Road); thence with Route #56 (Morgan Mine Road) S. 15,000'± to intersection of route $\frac{56}{2}$ (Bethlehem Church); thence with $\frac{56}{2}$ and $\frac{92}{4}$ W. 13,000' to Route #92 at Brown's Mill; thence with Route #92 N. 1,375'± to intersection of route $\frac{92}{5}$ (Stony Run Road); thence with route $\frac{92}{5}$ (Stony Run Road) W. 18,800'± to a point in road at Monongahela and Preston County line; thence with County line N.E. 18,125' to intersection of County line and route $\frac{7}{2}$; thence with $\frac{7}{2}$ E. 13,875'± to the point of beginning; containing 16 square miles, more or less.

It is further hereby ORDERED that from and after the date of entry of this order that said Public Service District No. 1 shall hereafter be a public corporation and political subdivision of the State of West Virginia, with the powers set forth to be used, exercised and enjoyed by said Public Service District under the provisions of the aforesaid Chapter 16, Article 13A, of said West Virginia Code."

A Map showing the lines of the above described Public Service District No. 1 is filed in County Clerk's Office in County Map Book, Page 10.

The Court hereby appoints as members of the Governing Board of Public Service District No. 1 the following 3 persons who are persons residing within the district, namely;

Mr. Dent Fairfax, R#1, Reedsville, W. Va. for a 6 year term beginning November 1, 1964.

Mr. Donald Zinn, Reedsville, W. Va., for a 4 year term beginning November 1, 1964.

Mr. Howard Dugan, Arthurdale, W. Va., for a 2 year term beginning November 1, 1964.

In accordance with Chapter 3, Article 6, Section 9 of the West Virginia Code of 1931, as amended, the County Court, acting ex-officio as Board of Canvassers; completed the canvassing of the Ballots cast at the General Election held on November 3, 1964; a record of said canvass being found in Election Record No. 2.

On motion, Court adjourned.

Ward F. Thomas President.

A TRUE COPY

ATTEST: NANCY HOCKART, County Clerk
Preston County, West Virginia

By: Jane Graham, Deputy

- - - - - - - o o o - - - - - - -

PROCEEDINGS IN VACATION

November, 1964

STATE OF WEST VIRGINIA:

In the Clerk's Office of the County Court of Preston County (in vacation) ss:

On October 30, 1964, Freda Huffman of Route #1, Thornton, West Virginia, qualified as Guardian of Gail Delmis Nestor of the age of 18 years, at which time she named as appraisers the following persons:

Leland Bolyard, Clyde Wolfe, and Terry Hamilton.

Upon the personal request of James T. Dailey, Jr., Attorney for Freda Huffman; Richard A. Smith, Robert C. Halbritter, and Roy Sanders are named as appraisers of said estate in place of the three persons previously named.

M.C. 1- 10-B

ATTEST
County Clerk
County, West Virginia
By:
Deputy
CLINTON
Masontown
Mt Vernon
Buck
Gueeman
Reedsville
Arthurdale
V A L L E Y
Fairfax Pond
Morgan Mines
Kanes Creek
Deckers Creek
Mount Phoebe
Browns Mill
E 13875
E175 4000
NE 14129
NE 4000
W 18800
SE 3650
NE 2000
SE 8060
SE 8090
N 1375
W 11000
S 15000
95

ORDER PROPOSING ENLARGEMENT OF
PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1

WHEREAS, the County Commission of Preston County, West Virginia, (the Commission) by virtue of the provisions of Chapter 16, Article 13A, of the West Virginia Code, as amended, is vested with the authority to create within Preston County public service districts to exercise the powers and authority therein set forth, and that after the creation of a public service district, the Commission may, if in its discretion it deems it necessary, feasible and proper, enlarge such public service district to include additional areas; and it appearing that by an order dated November 10, 1965, the Commission created Public Service District No. 1, in said County, and that there are apparently many persons residing within the area hereinafter described, who desire to have said Public Service District No. 1 (P.S.D. No. 1) enlarged for the purpose of supplying water services within such additional area; and that the proposed enlargement and additional area to be included in P.S.D. No. 1 is located within a part of Valley District and a part of Lyon District, Preston County, West Virginia, and that the physical facilities of said P.S.D. No. 1 are or will be adequate to provide expanded water service to the proposed additional area, and that the apparent public good will be promoted by the entry of an order proposing the enlargement of said P.S.D. No. 1 and fixing the time of a hearing before the Commission as to the proposed enlargement of said P.S.D. No. 1; it is therefore,

ORDERED that the Commission upon its own motion, as evidenced by the entry of this Order, does hereby propose the enlargement of P.S.D. No. 1, for the purposes of financing, constructing, operation and maintenance of a water system and for the supplying of water within the enlarged and additional boundary of said P.S.D. No. 1, as so enlarged, and hereinafter described, and to exercise the powers and authorities set forth and contained in Chapter 16, Article 13A, of the West Virginia Code, as amended, in regard to the enlarged area of said P.S.D. No. 1, and which enlarged area of P.S.D. No. 1 is located partly within Valley District and partly within Lyon District of Preston County, West Virginia, and more particularly bounded and described as follows:

Beginning at the intersection of West Virginia State Route No. 92, and West Virginia County Numbered Route 92/3 (Stony Run Road), thence along the present boundary of Public Service District No. 1 (P.S.D. No. 1) and with said Route 92/3 (Stony Run Road) W. 18,800 feet +/- to a point in said road at the Monongalia and Preston County lines; thence with said Monongalia-Preston County line in a southwesterly direction a distance of approximately 10,500 feet to a point in the center of West Virginia County Numbered Route 33 at the Monongalia Preston County line; thence continuing with said Monongalia-Preston County line in a southerly direction a distance of approximately 2,950 feet to a point 1,000 feet south and parallel with West Virginia County Numbered Route 33; thence in a southeasterly direction 1,000 feet from and parallel to said Route 33, commonly known as the Independence Road, a distance of approximately 5,600 feet to a point which is 1,000 feet west of West Virginia County Numbered Route 33/3; thence in a southerly direction 1,000 feet west and parallel to said Route 33/3, a distance of approximately 3,550 feet; thence in an easterly direction perpendicular to and crossing said Route 33/3, a distance of 2,000 feet to a point 1,000 feet east of said Route 33/3; thence in a northerly direction 1,000 feet east of and parallel to said Route 33/3, a distance of approxiamtely 4,100 feet to a point 1,000 feet south of West Virginia County Numbered Route 33; thence in an easterly direction 1,000 feet south of and parallel to

said Route 33, a distance of approximately 4,200 feet to a point 1,000 feet south of the intersection of said Route 33, and West Virginia County Numbered Route 33/5; thence in a northerly direction with a curve having a radius of 1,000 feet and center at the intersection of Route 33 and 33/5, a distance of approximately 3,000 feet to a point 1,000 feet north of said Route 33; thence in a westerly direction 1,000 feet north and parallel to said Route 33, a distance of approximately 3,700 feet to a point 1,000 feet east of West Virginia County Numbered Route 29; thence in a northeasterly direction 1,000 feet south of and parallel to said Route 29, a distance of approximately 14,300 feet to a point in West Virginia State Route No. 92, said point also being 1,000 feet south of the intersection of Route 92 and West Virginia County Numbered Route 92/4; thence in an easterly direction 1,000 feet south of and parallel to said Route 92/4 and West Virginia County Numbered Route 56/2, a distance of approximately 11,900 feet to a point; thence in a northerly direction perpendicular to said Route 56/2, a distance of 1,000 feet to a point in said Route 56/2, said point also being a point in the present boundary of P.S.D. No. 1; thence in a westerly direction with said boundary and Routes 56/2 and 92/4, a distance of approximately 11,300 feet to West Virginia State Route No. 92; thence in a northerly direction with said Route No. 92 and the present boundary of P.S.D. No. 1, a distance of 1,375 feet to the place of beginning, containing 6.755 square miles, more or less, as more particularly shown on a map or plat attached to and made a part of this Order, said map or plat dated February 1989, and prepared by Thomas E. Urquhart, professional engineer.

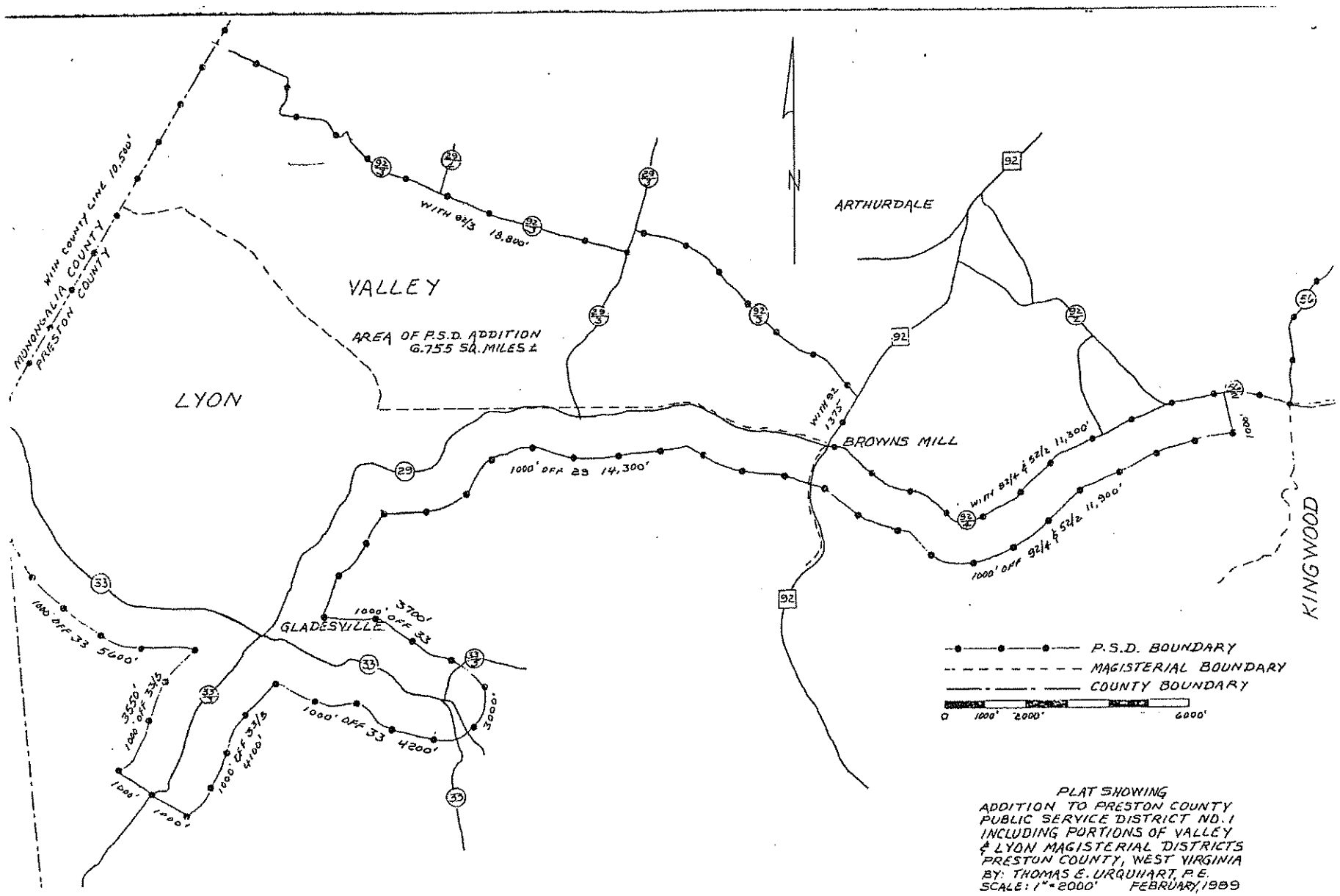
It further appearing to the Commission that a hearing is required as to the proposed enlargement of said P.S.D. No. 1, for the purpose aforesaid, and that the date for such public hearing shall be not less than twenty (20) days nor more than forty (40) days from the date of entry of this Order, it is hereby further ORDERED that there be a public hearing before the Commission at the County Commission Room in the Preston County Courthouse, Kingwood, West Virginia, on the 19th day of April, 1989, at 7:00 P.M., at which time all persons residing in, owning, or having any interest in property in the proposed enlargement of said P.S.D. No. 1 shall have an opportunity to be heard for or against the enlargement thereof.

It is further ORDERED that the Clerk of this Commission do publish in The Preston County Journal, a weekly newspaper having general circulation within the area of the above-described proposed enlargement of P.S.D. No. 1 and within Preston County, a notice setting forth the objectives and purposes for the proposed enlargement of said P.S.D. No. 1, the description of all territory proposed to be included in said enlargement, the date of the proposed hearing as herein set forth, and that such notice be published at least once a week in said newspaper at least ten (10) days prior to said hearing. There shall also be posted in at least five (5) conspicuous places in the proposed enlargement of P.S.D. No. 1, a notice containing the same information as contained in the published notice. The posted notices shall be posted not less then ten (10) days before the hearing, and said publication is to be made on or before the 29th day of March, 1989.

Entered on the 15th day of March, 1989, Law Order Book No. 35, at page 500.

A TRUE COPY

ATTEST: NANCY HEUKART, CLERK
Preston County, West Virginia
By: Nancy Heukart, Deputy



PLAT SHOWING
ADDITION TO PRESTON COUNTY
PUBLIC SERVICE DISTRICT NO. 1
INCLUDING PORTIONS OF VALLEY
& LYON MAGISTERIAL DISTRICTS
PRESTON COUNTY, WEST VIRGINIA
BY: THOMAS E. URQUHART, P.E.
SCALE: 1" = 2000' FEBRUARY, 1989

AFFIDAVIT OF POSTING OF NOTICE OF
PROPOSED ENLARGEMENT OF PRESTON
COUNTY PUBLIC SERVICE
DISTRICT NO. 1

STATE OF WEST VIRGINIA,

COUNTY OF PRESTON, to-wit:

The undersigned affiant does hereby swear and affirm that he posted a copy of the attached Notice of Proposed Enlargement of Preston County Public Service District No. 1 in at least five (5) conspicuous places in the proposed enlargement of P.S.D. No. 1 and that the posted Notices were posted not less than ten (10) days before the hearing, and the affiant posted a copy of said Notice in the following places on the following dates:

	PLACE	DATE
1.	BROWN'S MILL GROCERY	APRIL 7, 1989
2.	GORDON COMMUNITY ASS'N	APRIL 7, 1989
3.	GLADESVILLE BAPTIST CHURCH	APRIL 7, 1989
4.	GLADESVILLE COMMUNITY BUILDING	APRIL 7, 1989
5.	COUNTRY LIVING	APRIL 7, 1989
6.	INDEPENDENCE POST OFFICE	APRIL 7, 1989
7.	SHUMAN'S TRAILER COURT	APRIL 7, 1989
8.	ARTHURDALE POST OFFICE	APRIL 7, 1989
9.	REEDSVILLE FOODLAND	APRIL 7, 1989
10.		

And further affiant saith not.

Kermit R. Zinn
Affiant Chairman

Taken, subscribed, and sworn to before me the undersigned notary public this 7 day of April, 1989.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
REBECCA J. SANDERS
P.O. Box 78
Reedsville, West Virginia 26547
My Commission Expires April 16, 1995

Rebecca J. Sanders
Notary Public

My commission expires: April 16, 1995

A TRUE COPY
ATTEST: NANCY RECKART, Clerk
Preston County, West Virginia
By: Nancy Reckart, Deputy

NOTICE OF PROPOSED ENLARGEMENT OF
PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1

WHEREAS, the County Commission of Preston County, West Virginia, (the Commission) by virtue of the provisions of Chapter 16, Article 13A, of the West Virginia Code, as amended, entered an Order on March 15, 1989, on its own motion, proposing the enlargement of Public Service District No. 1 (P.S.D. No. 1) for the purposes of financing, constructing, operation, and maintenance of a water system and for the supplying of water within the enlarged and additional boundary of P.S.D. No. 1, as so enlarged, and hereinafter described, and to exercise the powers and authorities set forth and contained in Chapter 16, Article 13A, of the West Virginia Code, as amended, in regard to the proposed enlarged area of said P.S.D. No. 1, and which proposed enlarged area of P.S.D. No. 1 is located partly within Valley District and partly within Lyon District of Preston County, West Virginia, and more particularly bounded and described as follows:

> Beginning at the intersection of West Virginia State Route No. 92, and West Virginia County Numbered Route 92/3 (Stony Run Road), thence along the present boundary of Public Service District No. 1 (P.S.D. No. 1) and with said Route 92/3 (Stony Run Road) W. 18,800 feet +/- to a point in said road at the Monongalia and Preston County lines; thence with said Monongalia-Preston County line in a southwesterly direction a distance of approximately 10,500 feet to a point in the center of West Virginia County Numbered Route 33 at the Monongalia Preston County line; thence continuing with said Monongalia-Preston County line in a southerly direction a distance of approximately 2,950 feet to a point 1,000 feet south and parallel with West Virginia County Numbered Route 33; thence in a southeasterly direction 1,000 feet from and parallel to said Route 33, commonly known as the Independence Road, a distance of approximately 5,600 feet to a point which is 1,000 feet west of West Virginia County Numbered Route 33/3; thence in a southerly direction 1,000 feet west and parallel to said Route 33/3, a distance of approximately 3,550 feet; thence in an easterly direction perpendicular to and crossing said Route 33/3, a distance of 2,000 feet to a point 1,000 feet east of said Route 33/3; thence in a northerly direction 1,000 feet east of and parallel to said Route 33/3, a distance of approximately 4,100 feet to a point 1,000 feet south of West Virginia County Numbered Route 33; thence in an easterly direction 1,000 feet south of and parallel to said Route 33, a distance of approximately

4,200 feet to a point 1,000 feet south of the intersection of said Route 33, and West Virginia County Numbered Route 33/5; thence in a northerly direction with a curve having a radius of 1,000 feet and center at the intersection of Route 33 and 33/5, a distance of approximately 3,000 feet to a point 1,000 feet north of said Route 33; thence in a westerly direction 1,000 feet north and parallel to said Route 33, a distance of approximately 3,700 feet to a point 1,000 feet east of West Virginia County Numbered Route 29; thence in a northeasterly direction 1,000 feet south of and parallel to said Route 29, a distance of approximately 14,300 feet to a point in West Virginia State Route No. 92, said point also being 1,000 feet south of the intersection of Route 92 and West Virginia County Numbered Route 92/4; thence in an easterly direction 1,000 feet south of and parallel to said Route 92/4 and West Virginia County Numbered Route 56/2, a distance of approximately 11,900 feet to a point; thence in a northerly direction perpendicular to said Route 56/2, a distance of 1,000 feet to a point in said Route 56/2, said point also being a point in the present boundary of P.S.D. No. 1; thence in a westerly direction with said boundary and Routes 56/2 and 92/4, a distance of approximately 11,300 feet to West Virginia State Route No. 92; thence in a northerly direction with said Route No. 92 and the present boundary of P.S.D. No. 1, a distance of 1,375 feet to the place of beginning, containing 6.755 square miles, more or less.

A Public Hearing before the Commission at the County Commission Room in the Preston County Courthouse, Kingwood, West Virginia, shall be held at 7:00 o'clock P.M., on the 19th day of April, 1989, at which time all persons residing in, owning, or having any interest in property in the proposed enlargement of said P.S.D. No. 1 shall have an opportunity to be heard for or against the enlargement thereof.

GIVEN under my hand this 24th day of March, 1989.

Nancy Reckart

Nancy Reckart
Clerk of the County Commission
of Preston County
101 West Main Street
Kingwood, West Virginia 26537
Telephone No: (304) 329-0070

This Notice is to be published as a Class I legal advertisement in compliance with the provisions of Article 3 (Section 59-3-1 et. seq.), Chapter 59 of the West Virginia Code.

Please publish the foregoing Notice in The Preston County Journal on or before the 29th day of March, 1989.

A TRUE COPY

ATTEST: NANCY RECKART, County Clerk
Preston County, West Virginia

By: Nancy Reckart ~~Deputy~~

Certificate of Publication

PUBLIC NOTICE PUBLIC NOTICE

NOTICE OF PROPOSED ENLARGEMENT OF
PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1

WHEREAS, the County Commission of Preston County, West Virginia, (the Commission) by virtue of the provisions of Chapter 16, Article 13A, of the West Virginia Code, as amended, entered an Order on March 15, 1989, on its own motion, proposing the enlargement of Public Service District No. 1 (P. S.D. No. 1) for the purposes of financing, constructing, operation, and maintenance of a water system and for the supplying of water within the enlarged and additional boundary of P.S.D. No. 1, as so enlarged, and hereinafter described, and to exercise the powers and authorities set forth and contained in Chapter 16, Article 13A, of the West Virginia Code, as amended, in regard to the proposed enlarged area of said P.S.D. No. 1, and which proposed enlarged area of P.S.D. No. 1 is located partly within Valley District and partly within Lyon District of Preston County, West Virginia, and more particularly bounded and described as follows:

Beginning at the intersection of West Virginia State Route No. 92, and West Virginia County Numbered Route 92/3 (Stony Run Road), thence along the present boundary of Public Service District No. 1 (P.S.D. No. 1) and with said Route 92/3 (Stony Run Road) W. 19,800 feet +/- to a point in said road at the Monongalia-Preston County line; thence with said Monongalia-Preston County line in a southwesterly direction a distance of approximately 10,500 feet to a point in the center of West Virginia County Numbered Route 33 at the Monongalia Preston County line; thence continuing with said Monongalia-Preston County line in a southerly direction a distance of approximately 3,950 feet to a point 1,000 feet south and parallel with West Virginia County Numbered Route 33; thence in a southeasterly direction 1,000 feet from and parallel to said Route 33, commonly known as the Independence Road, a distance of approximately 5,600 feet to a point which is 1,000 feet west of West Virginia County Numbered Route 33/3; thence in a southerly direction 1,000 feet west and parallel to said Route 33/3, a distance of approximately 3,550 feet; thence in an easterly direction perpendicular to and crossing said Route 33/3, a distance of 2,000 feet to a point 1,000 feet east of said Route 33/3; thence in a northerly direction 1,000 feet east of and parallel to said Route 33/3, a distance of approximately 4,100 feet to a point 1,000 feet south of West Virginia County Numbered Route 33; thence in an easterly direction 1,000 feet south of and parallel to said Route 33, a distance of approximately 4,200 feet to a point 1,000 feet south of the intersection of said Route 33, and West Virginia County Numbered Route 33/5; thence in a northerly direction with a curve having a radius of 1,000 feet and center at the intersection of Route 33 and 33/5 a distance of approximately 3,000 feet to a point 1,000 feet north of said Route 33; thence in a westerly direction 1,000 feet north and parallel to said Route 33, a distance of approximately 3,700 feet to a point 1,000 feet east of West Virginia County Numbered Route 29; thence in a northeasterly direction 1,000 feet south of and parallel to said Route 29, a distance of approximately 14,300 feet to a point in West Virginia State Route No. 92, said point also being 1,000 feet south of the intersection of Route 92 and West Virginia County Numbered Route 92/4; thence in an easterly direction 1,000 feet south of and parallel to said Route 92/4 and West Virginia County Numbered Route 56/2, a distance of approximately 11,900 feet to a point; thence in a northerly direction perpendicular to said Route 56/2, a distance of 1,000 feet to a point in said Route 56/2, said point also being a point in the present boundary of P.S.D. No. 1; thence in a westerly direction with said boundary and Routes 56/2 and 92/4, a distance of approximately 11,300 feet to West Virginia State Route No. 92; thence in a northerly direction with said Route No. 92 and the present boundary of P.S. D. No. 1, a distance of 1,375 feet to the place of beginning, containing 6.755 square miles, more or less.

A Public Hearing before the Commission at the County Commission Room in the Preston County Courthouse, Kingwood, West Virginia, shall be held at 7.00 o'clock P.M., on the 15th day of April, 1989, at which time all persons residing in, owning, or having any interest in property in the proposed enlargement of said P.S.D. No. 1 shall have an opportunity to be heard for or against the enlargement thereof.

GIVEN under my hand this 24th day of March, 1989.

Nancy Reckart,
Clerk of the County Commission of
Preston County 101 West Main Street
Kingwood, West Virginia 26537
Telephone No. (304) 329-0070

3/29

I Delbert L. Benson

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

~~Notice of Proposed Enlargement of~~ District #1

a copy of which notice is hereto annexed, was published in said paper for one successive weeks, beginning with its issue of

March 29, 1989

and expiring with its issue of

March 29, 1989

And, I do further certify that on

March 29, 1989

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

PUBLISHER

Subscribed and sworn to before me this the 29th day of March 1989

NOTARY PUBLIC

My commission expires 3/7/93

Kingwood, W. Va.

Amount for publishing notice hereto $

PUBLISHER

ORDER AUTHORIZING ENLARGEMENT OF
PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1

WHEREAS, the County Commission of Preston County, West Virginia, (the Commission) by virtue of the provisions of Chapter 16, Article 13A, of the West Virginia Code, as amended, is vested with the authority to create within Preston County public service districts to exercise the powers and authority therein set forth, and that after the creation of a public service district, the Commission may, if in its discretion it deems it necessary, feasible and proper, enlarge such public service district to include additional areas; and it appearing that by an Order dated November 10, 1965, the Commission created Public Service District No. 1, in said County, that on March 15, 1989, the Commission entered an Order proposing an enlargement of Preston County Public Service District No. 1 and Ordered that there be a public hearing before the Commission at the County Commission Room, in the Preston County Courthouse, Kingwood, West Virginia, on the 19th day of April, 1989, at 7:00 o'clock P.M., and further Ordered that the Clerk of the Commission publish Notice in The Preston County Journal, a weekly newspaper having general circulation within the area of the proposed enlargement of P.S.D. No. 1 and within Preston County, and that there be posted in at least five (5) conspicuous places in the proposed enlargement of P.S.D. No. 1, a Notice containing the same information contained in the published Notice; that a Certificate of Publication was prepared by Delbert L. Benson, publisher of The Preston County Journal, certifying that the Notice of Proposed Enlargement of Preston County Public Service District No. 1 was published in said paper for one successive week, beginning with its issue of March 29, 1989, and expiring with its issue of March 29, 1989, and further certifying that on March 29, 1989, that Delbert L. Benson posted and left posted a copy of said Notice at the front door of the Courthouse of said County, a copy of which Certificate of Publication was filed with the Clerk of the Commission; that an Affidavit of Posting of Notice of Proposed Enlargement of Preston County Public Service District No. 1 signed by Kermit R. Zinn, Chairman of Preston County Public Service District No. 1, shows that he posted a copy of said Notice in at least five (5) conspicuous places in the proposed enlargement of P.S.D. No. 1, and that the posted Notices were posted not less than ten (10) days before the hearing, which Affidavit is dated April 7, 1989, a copy of which was filed with the Clerk of the Commission; and that a public hearing was held before the Commission in the Preston County Courthouse, Kingwood, West Virginia, at 7:00 o'clock P.M., on the 19th day of April, 1989, at which time members of the public did appear and comment on the proposed enlargement of Preston County Public Service District No. 1; and the Commission finds that there are apparently many persons residing within the area hereinafter described, who desire to have said Public Service District No. 1 enlarged for the purpose of supplying water services within such additional area, that the enlarged and additional area to be included in P.S.D. No. 1 is located within a part of Valley District and a part of Lyon District, Preston County, West Virginia, that the physical facilities of said P.S.D. No. 1 are and will be adequate to provide expanded water service to the additional area, that the apparent public good will be promoted by the entry of an order authorizeing the enlargement will be conducive

to the preservation of public health, comfort and convenience of such area; and it is, therefore,

ORDERED that the Commission upon its own motion, as evidenced by the entry of this Order, does hereby authorize and approve the enlargement of P.S.D. No. 1, for the purposes of financing, constructing, operation and maintenance of a water system and for the supplying of water within the enlarged and additional boundary of said P.S.D. No. 1, as so enlarged, and hereinafter described, and to exercise the powers and authorities set forth and contained in Chapter 16, Article 13A of the West Virignia Code, as amended, in regard to the enlarged area of said P.S.D. No. 1, and which enlarged area of P.S.D. No. 1 is located aprtly wihtin Valley District and partly within Lyon District of Preston County, West Virginia, and more particularly bounded and described as follows:

Beginning at the intersection of West Virginia State Route No. 92, and West Virginia County Numbered Route 92/3 (Stony Run Road), thence along the present boundary of Public Service District No. 1 (P.S.D. No. 1) and with said Route 92/3 (Stony Run Road) w, 18,800 feet +/- to a point in said road at the Monongalia and Preston County lines; thence with said Monongalia-Preston County line in a southwesterly direction a distance of approximately 10,500 feet to a point in the center of West Virginia County Numbered Route 33 at the Monongalia-Preston County line; thence continuing with said Monongalia-Preston County line in a southerly direction a distance of approximately 2,950 feet to a point 1,000 feet south and parallel with West Virginia County Numbered Route 33; thence in a southeasterly direction 1,000 feet from and parallel to said Route 33, commonly known as the Independence Road, a distance of approximately 5,600 feet to a point which is 1,000 feet west of West Virginia County Numbered Route 33/3; thence in a southerly direction 1,000 feet west and parallel to said Route 33/3, a distance of approximately 3,550 feet; thence in an easterly direction perpendicular to and crossing said Route 33/3, a distance of 2,000 feet to a point 1,000 feet east of said Route 33/3; thence in a northerly direction 1,000 feet east of and parallel to said Route 33/3, a distance of approximately 4,100 feet to a point 1,000 feet south of West Virginia County Number Route 33; thence in an easterly direction 1,000 feet south of and parallel to said Route 33, a distance of approximately 4,200 feet to a point 1,000 feet south of the intersection of said Route 33, and West Virginia County Numbered Route 33/5; thence in a northerly direction with a curve having a radius of 1,000 feet and center at the intersection at the intersection of Route 33 and 33/5, a distance of approximately 3,000 feet to a point 1,000 feet north of said Route 33; thence in a westerly direction 1,000 feet north and parallel to said Route 33, a distance of approximately 3,700 feet to a point 1,000 feet east of West Virginia County Numbered Route 29; thence in a northeasterly direction 1,000 feet south of and parallel to said Route 29, a distance of approximately 14,300 feet to a point in West Virginia State Route No. 92, said point also being 1,000 feet south of the intersection of Route 92 and West Virginia County Numbered Route 92/4; thence in an easterly direction 1,000 feet south of and parallel to said Route 92/4 and West Virginia County Numbered Route 56/2, a distance of approximately 11,900 feet to a point; thence in a northerly direction perpendiculat to said Route 56/2, a distance of 1,000 feet to a point; thence in a northerly direction perpendicular to said Route 56/2, a distance of 1,000 feet to a point in said Route 56/2, said point also being a point in present boundary of P.S.D. No. 1; thence in a westerly direction with said boundary and Routes 56/2 and 92/4, a distance of approximately 11,300 feet to West Virginia State Route No. 92; thence in a northerly direction with said Route 92 and the present boundary of P.S.D. No. 1, a distance of 1,375 feet to the place of beginning, containing 6.755 square miles, more or less, as more particularly shown on a map or plat attached to and made a part of this Order, said map or plat dated February 1989, and prepared by Thomas E. Urquhart, professional engineer.

Entered on the 19th day of April, 1989, Law Order Book No. 35, at page 531.

A TRUE COPY

ATTEST: NANCY BECKART, County Clerk
Preston County, West Virginia

By: Nancy Beckart, Deputy

Certificate of Publication

PUBLIC NOTICE

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 23rd day of October, 1989.

CASE NO. 89-380-PWD-PC
PRESTON COUNTY COMMISSION,
Preston County.
Petition for permission to enlarge boundaries of Preston County Public Service District No. 1.

CASE NO. 89-619-PWD-PC
PRESTON COUNTY COMMISSION,
Preston County.
Petition for permission to enlarge boundaries of Preston County Public Service District No. 2.

NOTICE OF HEARING

CASE NO. 89-380-PWD-PC

On June 21, 1989, the Preston County Commission, a public corporation, Kingwood, Preston County, adopted an order authorizing the enlargement of Preston County Public Service District No. 1, for the purposes of financing, constructing, operation and maintenance of a water system and for the supplying of water within the enlarged and additional boundary, pursuant to the provisions of West Virginia Code Section 16-13A-2.

CASE NO. 89-619-PWD-PC

On September 5, 1989, the Preston County Commission, a public corporation, Kingwood, Preston County, adopted and order authorizing the enlargement of Preston County Public Service District No. 2, for the purpose of supplying water service within an additional area, pursuant to the provisions of West Virginia Code, Section 16-13A-2. The additional water service will be provided partly within Kingwood District and partly within Valley District, Preston County.

Pursuant to West Virginia Code, Section 16-13A-2, it is necessary for the Public Service Commission to schedule a hearing in Preston County for the purpose of completing compliance with the requirements of West Virginia Code, Section 16-13A-2.

IT IS, THEREFORE, ORDERED that the matters involved herein be, and they hereby are, set for public hearing before Administration Law Judge Robert W. Glass to be held in the County Commissioner's Court Room, Preston County Courthouse, Kingwood, West Virginia, on Wednesday, November 22, 1989, at 10:00 a.m., EST., for the purpose of determining if the orders of the County Commission of Preston County expanding the Preston County Public Service District No. 1 and Preston County Public Service District No. 2 to provide additional water service are in the public interest.

IT IS FURTHER ORDERED that the Preston County Commission publish a copy of this order one time between the date hereof and November 15, 1989, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Preston County.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon the Preston County Commission, Preston County Public Service District No. 1 and Preston County Public Service District No. 2, by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:
Howard M. Cunningham
Executive Secretary

11/1

I, Delbert L. Benson

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

Public Service Commission

a copy of which notice is hereto annexed, was published in said paper for one successive weeks, beginning with its issue of

November 1, 1989

and expiring with its issue of

November 1, 1989

And, I do further certify that on

November 1, 1989

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

D L Benson
PUBLISHER

Subscribed and sworn to before me this the 3rd day of November, 19 89

Nancy R Roberson
NOTARY PUBLIC

My commission expires 3/7/93

Kingwood, W. Va.,

Amount for publishing notice hereto $

PUBLISHER

A TRUE COPY

ATTEST: NANCY RECKART, County Clerk
Preston County, West Virginia

By: Nancy Reckart, Deputy

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: December 7, 1989

FINAL
12-27-89

CASE NO. 89-380-PWD-PC

PRESTON COUNTY COMMISSION,
Preston County.
Petition for permission to enlarge boundaries of Preston County Public Service District No. 1.

CASE NO. 89-619-PWD-PC

PRESTON COUNTY COMMISSION,
Preston County.
Petition for permission to enlarge boundaries of Preston County Public Service District No. 2.

ADMINISTRATIVE LAW JUDGE'S DECISION

PROCEDURE

CASE NO. 89-380-PWD-PC

On June 21, 1989, the Preston County Commission, a public corporation, Kingwood, Preston County, adopted an order authorizing the enlargement of Preston County Public Service District No. 1, for the purposes of financing, constructing, operation and maintenance of a water system and for the supplying of water within the enlarged and additional boundary, pursuant to the provisions of West Virginia Code §16-13A-2.

CASE NO. 89-619-PWD-PC

On September 5, 1989, the Preston County Commission, a public corporation, Kingwood, Preston County, adopted an order authorizing the enlargement of Preston County Public Service District No. 2, for the purpose of supplying water service within an additional area, pursuant to the provisions of West Virginia Code §16-13A-2. The additional water service will be provided partly within Kingwood District and partly within Valley District, Preston County.

Pursuant to West Virginia Code §16-13A-2, it is necessary for the Public Service Commission to schedule a hearing in Preston County. Accordingly, by order entered October 23, 1989, these matters were set for hearing to be held in the Commissioners' Court Room, Preston County Court House, Kingwood, West Virginia, on November 22, 1989. The hearings were held as scheduled. Appearing, in both cases, on behalf of the Public Service Commission Staff was Ron Robertson, Esquire, Staff Attorney. Also

appearing were Randy Goodrich, Esquire, Prosecuting Attorney for Preston County, representing the Preston County Commission, and Mr. Kermit Zinn, the Chairman of the Preston County Public Service District No. 1. No parties appeared in protest to the petitions at either hearing. The cases were then treated as unprotested cases and no evidence was received in either case.

FINDINGS OF FACT

1. The Preston County Commission adopted an order authorizing the enlargement of the Preston County Public Service District No. 1 and 2, pursuant to the provisions of West Virginia Code §16-13A-2, for the purposes of financing, constructing, operation and maintenance of a water system and for supplying of water within the enlarged and additional boundaries. (See, petition).

2. The Commission Staff has reviewed the applications and finds that they meet the requirements of West Virginia Code §16-13A-2. (See Staff Memorandum dated October 10, 1989).

3. By order entered October 23, 1989, these matters were set for a hearing to be held in the County Commissioners' Court Room, Preston County Court House, Kingwood, West Virginia, on November 22, 1989. (See order dated October 23, 1989).

4. At the hearing held on November 22, 1989, no one appeared to make protest to the enlargement of Preston County Public Service District Nos. 1 and 2, thus allowing these cases to be treated as unprotested. (Tr., p. 5).

CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that since the Preston County Commission is in compliance with the required provisions as set forth in West Virginia Code §16-13A-2 and, at the public hearing held on November 22, 1989, no parties appeared in protest to the enlargement of Preston County Public Service District Nos. 1 and 2, approval of said enlargements can be granted.

ORDER

IT IS, THEREFORE, ORDERED that the petitions of the Preston County Commission, a public corporation, Preston County, to enlarge the boundaries of the Preston County Public Service District Nos. 1 and 2 for the purposes of financing, constructing, operation and maintenance of a water system and for supplying of water within the enlarged and additional boundaries in Preston County, be, and the same hereby are, approved.

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Robert W. Glass
Administrative Law Judge

RWG:mal

Ms. Hartman presented a Notice advising that Patriot Mining company. Inc. has submitted an application for a Phase I Backfilling and Regrading release on Permit No. P-504 issued for 13.10 acres on June 30, 1980. The permit is located in Kingwood District, 2.0 miles south of Kingwood on the Cheat River.

Ms. Hartman read a letter from Patricia C. Taylor, requesting that she be reappointed as a Board Member to Public Service District No. 1.

Commissioner Cole moved to reappoint Patricia C. Taylor to a six-year term as a Board Member of Public Service District No. 1, with her term set to expire on January 31, 2012. Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Jennings, Price and Cole voting yes. Motion carried.

Commissioner Cole moved to authorize the payment of all properly approved bills. Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Jennings, Price and Cole voting yes. Motion carried.

Commissioner Cole moved to dispense with the reading in open court of the proceeding of the Clerk of this Commission had in vacation from **December 20, 2006 through December 29, 2006,** inclusive, and to approve and confirm the same as presented by the County Clerk, there having been no exceptions or objections filed thereto. Motion was seconded by Commissioner Jennings. Discussion called for. Question called for. A roll call vote was taken with Commissioners Jennings, Price and Cole voting yes. Motion carried.

Commissioner Jennings moved that the following estate settlements and/or waivers thereof, having been filed for a period of ten (10) days prior to the commencement of this term, and there being no exceptions or ojections filed thereto, be approved and confirmed.

REGULAR SESSION

January 21, 2003

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, Ss:

The Preston County Commission met in Regular Session at 9:30 a.m., January 21, 2003, in the Commission Meeting Room.

The meeting was called to order by President Darwin Wolfe.

Commissioners Victoria Cole, Darwin Wolfe and Dave Price were present as well as Dianna Hartman, Commission's Administrative Secretary.

Also present were the following members of the Press: Tina Bolyard, Kathy Plum, Kim Warnick and Sara Opal.

Assessor Terri Funk reported on a recent GIS meeting that she attended in Hancock County. She presented maps that have been prepared by the West Virginia Technical Center.

Under Old Business, Commissioner Cole moved to dispense with the reading in open court of the minutes of the meeting held on January 6, 2003, and to approve the same as presented. Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Under New Business, Mrs. Hartman presented copies of the minutes from the January 13 Commission meeting.

Commissioner Price moved to reappoint Joyce Taylor as a Board Member of Public Service District No. 1, with her six-year term to be effective February 20, 2003,

and expire on February 20, 2009. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Commissioner Price moved to adopt the following documents with Valic Retirement Services:

Section 457(b) Deferred Compensation Plan Adoption and Services Agreement

Administrative Services Agreement Addendum

Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Commissioner Price moved to authorize the payment of all properly approved bills. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Commissioner Cole moved that the following estate settlements and/or waivers thereof, having been filed for a period of ten (10) days prior to the commencement of this term, and there being no exceptions or objections filed thereto, be approved and confirmed.

Estate of Clifford K. Bucklew, deceased – Waiver of Final Settlement – filed by Dolores M. Bucklew, Personal Representative

Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Commissioner Cole moved that the County Commission apply for the following

funds for repair and renovation project:

Governor's Community Partnership Grant	- $ 5,000.
Governor's Community Partnership Grant	- $15,000.
Local Economic Development Assistance Program	- $10,000.

Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

There being no further business, President Wolfe declared the meeting adjourned.

L Darwin Wolfe
Commissioner

Commissioner

Dave Price
Commissioner

---oOo---

REGULAR SESSION

JUNE 13, 2005

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, Ss:

The Preston County Commission met in Regular Session at 9:30 a.m., June 13, 2005, in the Commission Meeting Room.

The meeting was called to order by President Darwin Wolfe, who declared the following Commissioners present: Victoria Cole, Dave Price and Darwin Wolfe.

Also present were Dianna Hartman, Commission's Administrative Secretary and Jennifer Bonnette, Administrator/Grant Writer, as well as the following members of the Press: Kathy Casseday and Kathy Plum.

The following Office Holders were present: Sheriff Ron Crites, Prosecuting Attorney Mel Snyder III, Circuit Clerk Betsy Castle, Assessor Terri Funk and Judge Lawrance Miller.

President Wolfe recognized Judge Miller at this time who replied that Mrs. Castle will speak with the Commission.

Mrs. Castle asked Commissioners their plan to get air conditioning into the Courthouse. She stated that it is currently 86 degrees in the Office of the Circuit Clerk.

Mr. Wolfe replied that someone is scheduled to be in the Courthouse later today to check the chiller to determine if it could be temporarily repaired until the new one is installed and in operation. He told Mrs. Castle "we are working as fast as we can but I know it is hot".

Mrs. Castle asked if the Commission has any type of back up plan such as perhaps renting a chiller.

Mr. Wolfe answered that "renting" is a possibility but would be very expensive and the Commission simply does not have the money to do that.

Mrs. Castle said that while she understands the money situation at this time particularly with renovation of the annex, she feels that the air conditioning of the Courthouse offices is a necessity.

Commissioners assured Mrs. Castle they are working to provide cooling and after they meet with a representative from Neumann today, they will inform her of the plan.

Judge Miller thanked those who participated in the presentation in Charleston on behalf of the Community Corrections grant. He believed Preston Counties presentation to go very well. He told Commissioners, however, that a partial Board must be in place before a grant can be awarded. Hopefully, the Commission will take care of this as soon as possible.

Commissioner Cole moved to approve the final 2004 tax exoneration list, in the amount of $472.22, as submitted by Assessor Terri Funk. Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Commissioner Price moved to approve the tax exoneration list dated June 27, 2005, in the amount of $459.20, as presented by Assessor Terri Funk. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Under Old Business, Commissioner Cole moved to dispense with the reading in open court of the minutes of the meeting held on May 31, 2005, and to approve the same as presented. Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Commissioner Cole moved to reappoint Randy DeBiase to a six-year term as a Board Member of PSD No. 1, whose term will expire on January 28, 2011. Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

President Wolfe stated that he would encourage problems as they arise to be brought to the attention of the Commission or the Public Service Commission.

In reference to the request made by Linda Royce several weeks ago to utilize a small area on the County annex property (formerly WesBanco) to place a sign for her business located directly behind the annex, Mr. Snyder has advised against allowing Mrs. Royce to use this area. According to Mr. Snyder, this may open the door for other businesses to make the same request.

However, no action was taken on Mrs. Royce's request at this time.

Under New Business, Ms. Hartman presented copies of the minutes from the June 6 Commission meeting.

Ms. Hartman read aloud a letter from Roberta Baylor, advising of her resignation as a member of the Preston County Building Commission. Mrs. Baylor's letter states that her new position as Executive Director of the Preston County Economic Development Authority could create a conflict of interest.

Commissioner Cole moved to accept the resignation of Roberta Baylor as a Board Member of the Preston County Building Commission. Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Commissioners will consider a replacement for Mrs. Baylor.

Commissioner Cole moved to approve the following persons to membership on the Community Corrections Board: Sheriff Ron Crites, Prosecuting Attorney Mel Snyder III, Darwin Wolfe, Randy Goodrich and Charles Miller. Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Commissioner Price moved to approve the Contract between the Preston County Board of Health and the Preston County Commission for the Fiscal Year 2005-2006. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Commissioner Price moved to reappoint Evelyn Jennings as a member of the Preston County Board of Health, whose term will expire on June 30, 2010. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Ms. Hartman informed Commissioners they are in receipt of a Governor's Community Partnership Grant Award delivered to the Commission Office from Delegate Larry Williams. The award is in the amount of $1,000. to purchase equipment for the Raymond Wolfe Center.

Commissioner Price moved to authorize the payment of all properly approved bills. Motion was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

Commissioner Price moved to dispense with the reading in open court of the proceedings of the clerk of this Commission, had in vacation from **May 31, 2005, through June 9, 2005,** inclusive, and to approve and confirm the same as presented by the County Clerk, there having been no exceptions or objections filed thereto. Motion

was seconded by Commissioner Cole. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

President Wolfe called for a brief recess.

RECESS

President Wolfe recalled the meeting to order with Commissioners Cole, Price and Wolfe present.

Commissioner Cole moved to grant President Wolfe authority, after phone conversations with Mrs. Cole and Mr. Price, to make any necessary decisions this week concerning the heating/cooling project. Motion was seconded by Commissioner Price. Discussion called for. Question called for. A roll call vote was taken with Commissioners Cole, Price and Wolfe voting yes. Motion carried.

There being no further business to come before the Commission, President Wolfe declared the meeting adjourned.

L. Darwin Wolfe
Commissioner

Commissioner

Dave Price
Commissioner

---o O o---

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, Randolph BeBiase, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of Board Member, Public Service District No. 1 of Preston County, for the 6-Year term commencing on the 28th day of January 2005 and terminating on the 28th day of January 2011. Retroactive to January 28, 2005

So help me God.

(Sign Here) Randolph DeBiase

Subscribed and sworn to before the undersigned this 28th day of April 2006

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SALLY JANE WEBER-PLUM
161 HARVEST DRIVE
FAIRMONT, WV 26554
My commission expires August 7, 2006

Sally Jane Weber-Plum

My 7th 2006

County Clerk
Kingwood, W. VA.

Filed in:
County Clerk's Office
12-3-02

BOOK 0006 PAGE 0257
NANCY RECKART
OFFICIAL OATHS Clerk 08
Date/Time: 09/16/2002 14:17

Book/Page: 6- / 257-
Recd/Tax: .00 .0

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, Patricia C. Taylor *, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of* Public Service District No. 1 Board Member

of Preston County, for the 6-Year *term commencing on the* 9th *day of* September 2002 *, ~~XXX~~, to the best of my skill and judgment. So help me God.*
Unexpired term of Mike Adams and terminating on January 31, 2007.

(Sign Here) Patricia C. Taylor

Subscribed and sworn to before the undersigned this 16th *day of* September *, ~~19~~* 2002.

Official Seal
Notary Public, State of West Virginia
DIANNA L. HARTMAN
126 Wellsley Street
Kingwood, WV 26537
My Commission Expires July 21, 2010

Dianna L. Hartman

County Clerk
Kingwood, W. Va.

STATE OF WEST VIRGINIA, County of Preston, to-wit:

I, NANCY RECKART, Clerk of the County Commission of said county, do hereby certify that the foregoing writing was this day produced to me in my said office, and was duly admitted to record therein.

Given under my hand this 16th day of September, 2002, at 14:17.

NANCY RECKART, Clerk
By Ina Bishop, Deputy

Filed in:
County Clerk's Office
3-17-03

BOOK 0006 PAGE 0263

NANCY RECKART
OFFICIAL OATHS Clerk 08
Date/Time: 03/04/2003 10:01
Inst. No.
Book/Page: 6- / 263-
Recd/Tax: 6.00 .00

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, Joyce Taylor *do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of* Public Service District No. 1 Board Member

of Preston County, for the 6-year *term commencing on the* 20th *day of* February, 2003 ~~19~~ XX *to the best of my skill and judgment. So help me God.*
and terminating on the 20th day of February 2009

(Sign Here) Joyce J. Taylor

Subscribed and sworn to before the undersigned this 4th *day of* February ~~19~~ 2003

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TINA M BISHOP
RT. 1, BOX 144-A
ALBRIGHT, WV 26519
My Commission Expires August 7, 2006

Tina M. Bishop

County Clerk
Kingwood, W. VA.

STATE OF WEST VIRGINIA, County of Preston, to-wit:
I, NANCY RECKART, Clerk of the County Commission of said county, do hereby certify that the foregoing writing was this day produced to me in my said office, and was duly admitted to record therein.
Given under my hand this 4th day of February, 2003, at 10:01.
NANCY RECKART, Clerk
By Tina Bishop, Deputy

RULES OF PROCEDURE

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1.

Section 2. The principal office of Preston County Public Service District No. 1 (the "District") will be located at P.O. Box 322, Arthurdale, Preston County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Preston County Public Service District No. 1, and in the center shall be inscribed the corporate seal.

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Board of the District (the "Board") shall be those persons appointed by The County Commission of Preston County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Board resign or otherwise become legally disqualified to serve as a member of the Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Board shall hold regular monthly meetings on the 4th Tuesday of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Board, two (2) members shall constitute a quorum. Each member of the Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least two (2) days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted. No business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of the Board, and the date, time, place and purpose of all special meetings of the Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Board at the front door or bulletin board of the office of the District and, if different from the office, at the front door or bulletin board of the place fixed for regular meetings of the Board not less than and at the front door of the Preston County Courthouse three (3) business days before a regularly scheduled meeting is to be held, stating the date, time

and place fixed and entered of record by the Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Board not less than three (3) business days before such regular meeting is to be held. The agenda listing the matters requiring official action that may be addressed at the meeting may be amended up to two (2) business days prior to the meeting. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. **Special Meetings**. A notice shall be posted by the Secretary of the Board at the front door or bulletin board of the office of the District and at the front door or bulletin board of the place fixed for the regular meetings of the Board and at the front door of the Preston County Courthouse not less than two (2) business days before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. In addition, a copy of the agenda listing the matters requiring official action that may be addressed at the meeting for each special meeting shall be posted at the same locations by the Secretary of the Board not less than two (2) business days before such special meeting is to be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

For the purposes of calculating the number of days in any notice period based upon business days, Saturdays, Sundays, legal holidays and the day of the meeting are not counted.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall

be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 24th day of April, 2007.

Chairman

Secretary

04.10.07
723810.00001

Certficate of Publication

I, **Carol Peters,** the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that
the notice

Preston County PSD #1 Case No. 05-1602-PWD-CN

a copy of which notice is hereto annexed, was published in said paper for One
successive weeks, beginning with its issue of 11/16/05

and expiring with its issue of 11/16/05

And, I do further certify that on 11/16/05

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

Carol Peters
ADVERTISING MANAGER

Subscribed and sworn to before me this the 16th day of November, 20 05

Dennis E. Peters
NOTARY PUBLIC

My commission expires 6/29/2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
110 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

Kingwood, WV _____
Received of _____
Amount for publishing notice hereto $ _____

ADVERTISING MANAGER

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 7th day of November, 2005.

CASE NO. 05-1602-PWD-CN

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Arthurdale, WV 26529

Application for a certificate of convenience and necessity to extend the current water system to an estimated 214 households not currently served, in seven extension areas within the service district, located in Preston County.

NOTICE OF FILING

WHEREAS, on November 3, 2005, Preston County Public Service District No. 1, filed an application, duly verified, filed an application, duly verified, for a Certificate to construct certain additions and improvements to the water distribution system in Public Service District No. 1 in Valley District, Preston County. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, Preston County Public Service District No. 1 (Applicant) estimates that construction will cost approximately Two Million, Seven Hundred Ninety Four Thousand Dollars ($2,794,000.00). It is proposed that the construction will be financed as follows: Small Cities Block Grant in the amount of $1,402,700.00 and a loan from the West Virginia Infrastructure Jobs and Development Council in the amount of $1,391,300.00.

WHEREAS, the Applicant anticipates charging the following increased water rates for its customers:

APPLICABILITY Applicable in entire territory served

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service

RATE

First 3,000 gallons used per month	$7.89 per 1,000 gallons
Next 3,000 gallons used per month	$6.31 per 1,000 gallons
Next 4,000 gallons used per month	$5.39 per 1,000 gallons
Next 10,000 gallons use per month	$4.52 per 1,000 gallons
All over 20,000 gallons used per month	$3.14 per 1,000 gallons

MINIMUM CHARGE MONTHLY BILL for 4,060 gallons $23.67 per month

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

5/8 inch meter	$23.67 per month
3/4 inch meter	$35.51 per month
1 inch meter	$59.18 per month
1 1/2 inch meter	$118.35 per month
2 inch meter	$189.36 per month
3 inch meter	$355.05 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of the latest pay date, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RECONNECTION FEES

In the event service is discontinued for nonpayment, a reconnection charge of Twenty Dollars ($20.00) will be applied before service is restored.

PRIVATE FIRE SERVICE - $150.00 yearly charge.

CONNECTION CHARGE

$250.00

INCREMENTAL COST OF WATER PURCHASED AND PRODUCED

$.82 per M gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate is used to calculate consumption above customers, historical average usage.

RETURNED CHECK CHARGE

The District may not collect any fee greater than that charged to it by a banking institution and under no circumstances shall the fee collected by the District exceed twenty five dollars ($25.00).

These rates represent the following project-related increases:

		($) INCREASE	(%) INCREASE
Residential	5/8 inch meter	3.96	20.09
	3/4 inch meter	5.94	20.09
Commercial	1 inch meter	9.90	20.09
	1 1/2 inch meter	19.80	20.09
Industrial	2 inch meter	31.68	20.09
	3 inch meter	59.40	20.09
Resale		3.96	20.09

The proposed increased rates and charges will produce approximately $18,010.77 annually in additional revenue, an increase of 20.10%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the Preston County Public Service District No. 1 give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Preston County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period,

the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:

Sandra Squire
Executive Secretary

County Comm.

Preston County PSD#1
January 23, 2007
Regular Meeting Minutes

Attending: Joyce Taylor (Chairman), Patricia Taylor (Secretary), Randy DeBiase (Treasurer), Joyce Myers, John Keener, Lea Wolfe-Region VI, Lawrence Fraley-PSD#1 Attorney, Roy & Gloria Sapp and Lana Smith

Welcome Visitors: Joyce T. called the meeting to order and welcomed all visitors.

Approval of December's Minutes: Each Board Member received a copy of the minutes to review. Joyce T. made a motion to approve December's Minutes, Pat 2nd the motion, motion carried and so ordered.

Approval of January's Special Meeting Minutes: Each Board Member received a copy of the minutes to review. Joyce T. made a motin to approve January's Minutes, pat 2nd the motion, motion carried and so ordered.

Approval of 2007 Slate of Officers: The slate of officers for the Board was voted on by the Board and approved as follows: Randy DeBiase, Chairman, Joyce Taylor, Secretary and Patricia Taylor, Treasurer.

Report on Easements-Lawrence Fraley: Lawrence reported that as this date we have obtained 83 easements.

Newspaper Ads and Letters for Non-responsive Easements: Joyce M. reported that the ad for the meeting to acquire outstanding easements was put in the Preston County Journal, Preston County News, Penny Saver and both local radio stations. A certified letter of notification and rights was also sent out to each person who has an outstanding easement. Lawrence stated his cost for mailing those letters by certified mail was $115.00. Lea stated she can pay that out of the item listed others.

PSD Evening Hours January 25th to Obtain Easements (GGJ will be present): Joyce M. reported that a workshop for obtaining outstanding easements has been set for Thursday, January 25, 2007, from 6:00 p.m.-8:00p.m.. Nate Wonsick from GGJ will be present to answer any questions.

Legal Advertisement for Appraiser-Lea Wolfe: Lea reported she placed the advertisement for an appraiser in the Dominion Post and the Preston County Journal.

Lana Smith-Professional Appraisers: Lana was present at the meeting to

explain to the Board some of the steps they may take in securing the easements and the steps that have to be followed. Lana reported that she can contact the remaining people we need to acquire an easement from and help the District secure them. The fee for contact for person per easement is $125.00. Randy made a motion contiguent upon the results of Thursday evening meeting, to hire Lana Smith to obtain the remaining easements, Pat 2nd the motion, motion carried and so ordered. Lawrence stated that the Board also needs to set a policy to what extent they are willing to negoiate to secure the easement.

Contact By County Commissioner Dave Price with DOH (Cliff Painter): Joyce M. reported she spoke with Dave Price and he stated he spoke with Cliff Painter from the Department of Highways in regards to right-of-ways and that Mr. Painter reported he would work with the engineer on this matter but he would need to see the changes on the maps for approval.

Response on Army Corp Report: nothing to report at this time

GGJ Amendment: Randy moved to table this matter.

New Business

Good of the District: nothing to report at this time

Financial Report: Joyce M. presented each Board Member with a copy of the check register and reported the current balance in the account is $22426.64.

Correspondence with the PSC:

Other Reports: nothing to report at this time

Office Manager's Report: Joyce M. reported that she obtained information off the internet on getting her notary stamp and the cost is around $75.00. Randy made a motion for the District to pay the amount for the notary license, Pat 2nd the motion, motion carried and so ordered.

Correspondence: nothing to report at this time.

Late Payments: Joyce M. stated late notices were printed today and they will be sent out by January 29, 2007.

Other Reports: nothing to report at this time

Plant Manager's Report:

Water Loss: John presented each Board Member with a copy of the report.

Safety: nothing to report at this time

Other Reports: nothing to report at this time

Adjournment: Pat made a motion to adjourn, Randy 2nd the motion, motion carried and so ordered.

Joyce Taylor

Patricia Taylor

Randy DeBiase

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

EXCERPT OF MINUTES ON ADOPTION OF RUS SUPPLEMENTAL RESOLUTION, BOND RESOLUTION, SUPPLEMENTAL RESOLUTION & FIRST DRAW RESOLUTION

The undersigned SECRETARY of the Public Service Board of Preston County Public Service District No. 1 hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Preston County Public Service District No. 1 met in regular session, pursuant to notice duly posted, on the 26th day of June, 2007, in Arthurdale, Preston County, West Virginia, at the hour of 2:00 P.M..

PRESENT:	Randy DeBias	-	Chairman
	Joyce Taylor	-	Secretary
	Patricia Taylor	-	Treasurer

ABSENT:

Randy DeBias, Chairman, presided, and Joyce Taylor acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING FOR THE ESTABLISHMENT OF RESERVE ACCOUNTS FOR THE SERIES 1972 BONDS, SERIES 1974 BONDS, SERIES 1995 A BONDS, AND SERIES 1995 B BONDS, TRANSFER OF FUNDS ACCORDINGLY, AND

AMENDMENT OF PRIOR RESOLUTIONS TO EFFECT SUCH TRANSFER AND MODIFICATION THEREOF

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Joyce Taylor and seconded by Pat Taylor, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF PRESTON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,391,300 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $806,838 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Joyce Taylor and seconded by Pat Taylor, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA DWTRF PROGRAM), OF PRESTON COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Joyce Taylor and seconded by Pat Taylor , it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Chairman presented First Draw Resolution for consideration and there was discussion. Thereupon, on motion duly made by Joyce Taylor and seconded by Pat Taylor, it was unanimously ordered that the said First Draw Resolution be adopted and be in full force and effect on and from the date hereof

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Preston County Public Service District No. 1 and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 26th day of June, 2007.

Secretary

06.21.07
723810.00001

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 12, 2007

ISSUE: Preston County Public Service District No. 1 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 322 , Arthurdale, WV

COUNTY: Preston

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 12, 2007

CLOSING DATE: July 12, 2007

ISSUE AMOUNT: $ 1,391,300

RATE: 0%

1ST DEBT SERVICE DUE: March 1, 2009

1ST PRINCIPAL DUE: March 1, 2009

1ST DEBT SERVICE AMOUNT: $9,035

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: Branch Banking & Trust Company
Contact Person: Brian Chenowith
Phone: 304.363.0266

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joyce Myers
Position: Manager
Phone: 304.864.3014

OTHER: WV Infrastructure and Jobs Development Council
Contact Person: Jefferson Brady, P.E.
Function: Executive Director
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE:
By: X Wire
_____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
X Reserve Account: $ 36,140
____ Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
_____ IGT

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: _____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an

CH823908.1

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 12, 2007

ISSUE: Preston County Public Service District No. 1 Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program)

ADDRESS: Post Office Box 322, Arthurdale, WV 26547

COUNTY: Preston

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 12, 2007

CLOSING DATE: July 12, 2007

ISSUE AMOUNT: $ 806,838

RATE: 0% Interest; 1% Administrative Fee

1ST DEBT SERVICE DUE: March 1, 2009

1ST PRINCIPAL DUE: March 1, 2009

1ST DEBT SERVICE AMOUNT: $6,724

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: Branch Banking & Trust Company
Contact Person: Brian Chenowith
Phone: 304.363.0266

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joyce Myers
Position: Manager
Phone: 304.864.3014

OTHER: WV Bureau for Public Health
Contact Person: Bob DeCrease, P.E.
Function: Manager, Infrastructure Program
Phone: (304) 558-2981

DEPOSITS TO MBC AT CLOSE:
By: X Wire
_____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
X Reserve Account: $ 26,896
____ Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
_____ IGT

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: _____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH823912.2

26B

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Branch Banking & Trust Company, Fairmont, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Preston County Public Service District No. 1 (the "Issuer") adopted by the Issuer on June 26, 2007, and a Supplemental Resolution adopted by the Issuer on June 26, 2007 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), both dated July 12, 2007, issued in the respective original aggregate principal amounts of $1,391,300 and $806,838 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 12th day of July, 2007.

BRANCH BANKING & TRUST COMPANY

By: _____
Its: Authorized Officer

723810.00001

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Preston County Public Service District No. 1 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), and Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), both dated July 12, 2007, issued in the respective original aggregate principal amounts of $1,391,300 and $806,838 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 12th day of July, 2007.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

723810.00001

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Resolution and Registrar's Agreement providing for the above-captioned Bonds of Preston County Public Service District No. 1 (the "Issuer"), hereby certifies that on the date hereof (i) the single, fully registered Water Revenue Bond, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, dated July 12, 2007, in the principal amount of $1,391,300, numbered AR-1, was registered as to principal only and (ii) the single fully registered Water Revenue Bond, Series 2007 B (West Virginia DWTRF Program) of the Issuer, dated July 12, 2007, in the principal amount of $806,838, numbered BR-1, was registered as to principal only, in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 12th day of July, 2007.

THE HUNTINGTON NATIONAL BANK

Authorized Officer

723810.00001

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 12th day of July, 2007, by and between PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,391,300 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), and $806,838 Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), both dated July 12, 2007, in fully registered form (collectively, the "Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted June 26, 2007, and a Supplemental Resolution of the Issuer duly adopted June 26, 2007 (collectively, the "Bond Legislation");

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

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

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	Preston County Public Service District No.1 Post Office Box 322 Arthurdale, West Virginia 26547 Attention: Chairman
REGISTRAR:	The Huntington National Bank One Huntington Square Charleston, West Virginia 25301 Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

[Remainder of Page Intentionally Blank}

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

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

723810.00001

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(Please see the attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF TRUSTEE'S FEES
Invoice Date July 9, 2007

Preston County PSD #1
Account Number 6089001809

Preston County PSD #1
Water Revenue Bonds, Series 2007 B
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR July, 2007

****

TOTAL AMOUNT	$	500.00
TOTAL DUE	**$**	**500.00**

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . *
* .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . .*

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **July 12, 2007**

Re: **Preston County Public Service District No. 1 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Series 2007 B (West Virginia DWTRF Program)**

1. DISBURSEMENTS TO PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

A.

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2007 A Bonds Proceeds
Amount:	$123,151
Form:	Wire Transfer
Payee:	Preston County Public Service District No. 1
Bank:	Branch Banking & Trust Company
Routing #:	051503394
Account #:	5175267680
Contact:	Brian Chenowith 304.363.0266
Account:	Series 2007 A Bonds Construction Trust Fund

B.

Payor:	West Virginia Bureau for Public Health
Source:	Series 2007 B Bonds Proceeds
Amount:	$0
Form:	Wire Transfer
Payee:	Preston County Public Service District No. 1
Bank:	Branch Banking & Trust Company
Routing #:	051503394
Account #:	5175267672
Contact:	Brian Chenowith 304.363.0266
Account:	Series 2007 B Bonds Construction Trust Fund

2. DISBURSEMENTS TO MUNICIPAL BOND COMMISSION

A..

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2007 A Bonds Proceeds
Amount:	$36,140
Form:	Wire Transfer
Payee:	Preston County Public Service District No. 1
Bank:	Municipal Bond Commission
Routing #:	051503394
Contact:	Sara Boardman, 558.3971
Account:	Series 2007 A Bonds Reserve Account

B.	Payor:	West Virginia Bureau for Public Health
	Source:	Series 2007 B Bonds Proceeds
	Amount:	$26,896
	Form:	Wire Transfer
	Payee:	Preston County Public Service District No. 1
	Bank:	Municipal Bond Commission
	Routing #:	051503394
	Contact:	Sara Boardman, 558.3971
	Account:	Series 2007 B Bonds Reserve Account

06.04.07
723810.00001

PRESTON COUNTY PSD #1
WATER IMPROVEMENTS PROJECT
REQUISITION #12

Payee		SCBG	IJDC Loan	DWTRF	TOTAL
		$1,402,700.00	$1,391,300.00	$806,838.00	$3,600,838.00
GGJ, Inc.					
Surveying		$0.00			$0.00
Design & Bidding		$0.00			$0.00
Construction Admin.		$0.00			$0.00
Resident Observation		$0.00			$0.00
Region VI PDC 7003-C Mountain Park Drive Fairmont, WV 26554		$0.00	$5,104.10		$5,104.10
Fraley Legal Services		$0.00	$16,693.18		$16,693.18
P. O. Box 186 Reedsville, WV 26547	Appraisals		$2,874.00		$2,874.00
Professional Appraisal Corp. 2031 Pleasant Valley Rd., Suite 4 Fairmont, WV 26554		$0.00	$4,550.00		$4,550.00
Advanced Land Services, Inc. RR 1, Box 238 Kingwood, WV 26537-9707	Survey for ROW		$1,046.28		$1,046.28
Huntington Bank			$1,000.00		$1,000.00
Steptoe & Johnson			$20,000.00		$20,000.00
Municipal Bond Commission	2007 A		$36,140.00		$36,140.00
(Reserves)	2007 B			$26,896.00	$26,896.00
	1995 A		$25,294.00		$25,294.00
	1995 B		$46,589.00		$46,589.00
TOTAL THIS REQUEST		**$0.00**	**$159,290.56**	**$26,896.00**	**$186,186.56**
PRIOR REQUEST		**$2,271.76**	**$0.00**	**$0.00**	**$2,271.76**
TOTAL REQ. TO DATE		**$201,521.64**	**$159,290.56**	**$26,896.00**	**$387,708.20**
REMAINING FUNDS		**$1,201,178.36**	**$1,232,009.44**	**$779,942.00**	**$3,213,129.80**

Submitted By: Lea Wolfe, Project Administrator **Date: June 26, 2007**

RESOLUTION

Whereas, the Preston County PSD #1 and Preston County Commission has reviewed the attached invoices in relation to the sewer project and finds as follows:

1. That none of the items for which payment is proposed under this requisition has formed the basis for any disbursement heretofore made.
2. That each item for which the payment is proposed to be made is or was necessary in connection with the project and constitutes a cost of the project.
3. That each of such costs has been otherwise properly incurred; and
4. That payment for each of the items proposed is then due and owing.

Now, therefore, be it resolved by the Preston County PSD #1 and the Preston County Commission that the payment of the attached invoices as summarized, is hereby authorized and directed .

Adopted by the Preston County PSD #1 on **26th** **day of** **June, 2007.**

PRESTON COUNTY PSD #1

Randolph DeBois

Chairman

United States Department of Agriculture
Rural Development
West Virginia State Office

July 12, 2007

Preston County Public Service District No. 1
Water Revenue Bonds, Series 2007 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2007 B
(West Virginia DWTRF Program)

CONSENT TO ISSUANCE OF PARITY BONDS

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the entire outstanding aggregate principal amounts of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the original aggregate principal amount not to exceed $1,391,300 and Water Revenue Bonds, Series 2007 B (West Virginia DWTRF Program), in the original aggregate principal amount not to exceed $806,838 (collectively, the "Series 2007 Bonds"), by Preston County Public Service District No. 1 (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Series 2007 Bonds (the "Resolution"), on a parity as to liens, pledge and source of and security for payment, and in all respects, with the Issuer's outstanding Water Revenue Bonds, Series 1972 (United States Department of Agriculture), dated October 11, 1972, Water Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 13, 1974, Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995 and Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995 (collectively, the "Prior Bonds"), (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2007 Bonds or the Resolution, and (iii) consents to any amendments made to the Prior Resolutions or the Prior Bonds by the Resolution.

State Director

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

05-1602-PWD-CN

C/m - ?

PWSID: WV3303912

RECEIVED
2006 FEB -2 PM 1:55
W. VA. PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL AND WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WEST VIRGINIA 25301
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Water) Water Line Extensions PERMIT NO.: 16,914

LOCATION: near Reedsville COUNTY: Preston DATE: 1-30-2006

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Preston County Public Service District #1
P. O. Box 322
Arthurdale, West Virginia 26547

is hereby granted approval to: amend and modify Permit No. 16,855 issued December 13, 2005 for new water facilities to serve approximately 208 new customers along Route Nos. 7/2, 7/3, 7/5, 25, 92, and 33; Wiggly Pond area; Spurgeon Holmes area; and Old Jack Brown area in the Preston County Public Service District #1. A new 100,000 gallon water storage tank will be constructed near the existing Reedsville storage tank.

NOTE: **This permit is contingent upon: 1) All conditions of Permit No. 16,855 remaining in effect; 2) The new water storage tank being disinfected, flushed and bacteriologically tested, prior to use; and 3) Enclosing the new 100,000 gallon water storage tank and existing water storage tank with a minimum six (6) feet high fence with a locking gate.**

The Environmental Engineering Division of the OEHS-Philippi District Office, telephone (304) 457-2296, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:bms

pc: GGJ, Inc.
James W. Ellars, P.E.
Amy Swann, PSC
Preston County Health Department
OEHS-EED Philippi District Office

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

$213,000 Water Revenue Bonds,
Series 1972

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01.	Authority for this Resolution	1
Section 1.02.	Findings and Determinations	1
Section 1.03.	Resolution to Constitute Contract	3
Section 1.04.	Definitions	3
ARTICLE II - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS		
Section 2.01.	Authorization of Bonds	7
Section 2.02.	Description of Bonds	7
Section 2.03.	Execution of Bonds and Coupons	9
Section 2.04.	Negotiability and Registration	10
Section 2.05.	Bonds Mutilated, Destroyed, Stolen or Lost	10
Section 2.06.	Bonds Secured by Pledge of Revenues	11
Section 2.07.	Form of Bonds and Coupons	11
	(Form of Coupon Bonds)	12
	(Form of Coupon)	16
	(Certificate of Conversion)	17
	(Form of Single, Fully Registered Bond)	18
	RECORD OF ADVANCES	21A
ARTICLE III - BOND PROCEEDS; REVENUES AND APPLICATION THEREOF		
Section 3.01.	Bond Proceeds; Project Construction Account	22
Section 3.02.	Covenants of the District as to Revenues and Funds	23
ARTICLE IV - GENERAL COVENANTS		
Section 4.01.	General Statement	28
Section 4.02.	Rates	28
Section 4.03.	Sale of the System	28

Section 4.04. Covenant Against Encumbrances 30
Section 4.05. Issuance of Additional Parity Bonds 30
Section 4.06. Insurance and Bonds 33
Section 4.07. Statutory Mortgage 35
Section 4.08. Events of Default 35
Section 4.09. Enforcement 36
Section 4.10. No Priority Between Bonds 36
Section 4.11. Fiscal Year; Budget 37
Section 4.12. Compensation of Board Members 37
Section 4.13. Covenant to Proceed and Complete 38
Section 4.14. Books and Records 38
Section 4.15. Maintenance of System 38
Section 4.16. No Competition 39

ARTICLE V - RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules 40

ARTICLE VI - MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code 43
Section 6.02. Modification or Amendment 43
Section 6.03. Sale of Bonds 43
Section 6.04. Refunding of Bonds Permitted 44
Section 6.05. Severability of Invalid Provision 45
Section 6.06. Conflicting Provisions Repealed 45
Section 6.07. Table of Contents and Headings 45
Section 6.08. Effective Time 45

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

RESOLUTION AUTHORIZING THE ISSUANCE OF $213,000 WATER REVENUE BONDS, SERIES 1972, OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 TO FINANCE PART OF THE COSTS OF CONSTRUCTION OF A WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING FOR THE FIXING, ESTABLISHING AND COLLECTING OF RATES AND CHARGES FOR THE SERVICES AND FACILITIES OF THE SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Preston County Public Service District No. 1 is a public service district created pursuant to said Article 13A.

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

(A) Preston County Public Service District No. 1 (herein called the "District"), in Preston County, State of West Virginia, does not now have any public waterworks system, and the inhabitants thereof urgently require such system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that there be constructed and acquired a complete new

waterworks of the District consisting of a treatment plant, water transmission and distribution lines and pumps, with all necessary appurtenant facilities (hereinafter collectively called the "System), particularly described in and according to the plans and specifications prepared by Cerrone & Vaughn, Inc., Consulting Engineers, Wheeling, West Virginia (herein called the "Consulting Engineer"), and heretofore filed in the office of the Secretary of the Public Service Board (herein called the "Board") of the District.

(C) It is necessary for the District to issue its revenue bonds in the principal amount of $213,000 to finance part of the cost of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project as hereinafter defined is $378,000 of which $213,000 will be obtained from the proceeds of the Bonds herein authorized, and the balance of $165,000 from the proceeds of a Farmers Home Administration grant.

(E) The cost of such acquisition and construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the 1972 Bonds during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized by this resolution.

(F) The period of usefulness of the System after completion of the Project is not less than forty years.

(G) There are not outstanding any unpaid obligations of the District which will have priority over or rank on a parity with the Bonds authorized to be issued hereunder as to lien or source of and security for payment.

(H) The District has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the 1972 Bonds, or will have so complied prior to issuance of any of the 1972 Bonds including, among other things, the consent and approval, pursuant to the Act, of the issuance of the 1972 Bonds by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute 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 resolution shall be deemed to be and shall constitute a contract between the District and such Bondholders, and the covenants and agreements herein set forth to be performed by the District shall be for the equal benefit, protection and security of the legal holders of any and all such Bonds, and the coupons appertaining thereto, all which shall be of equal rank without preference, priority or distinction of any of the Bonds or coupons over any other thereof, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings in this resolution unless the text otherwise expressly requires:

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bonds" means the $213,000 Water Revenue Bonds, Series 1972, originally authorized to be issued pursuant to this resolution and shall also be deemed to include, where appropriate, the interest coupons appertaining to the Bonds; and also includes any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained in this resolution, and the interest coupons appertaining to such additional parity Bonds.

"1972 Bonds" means the Bonds hereby authorized to be issued initially.

"Chairman" means the Chairman of the Board.

"Consulting Engineer" means Cerrone & Vaughn, Inc., Consulting Engineers, Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the District as Consulting Engineer for the System.

"District" means Preston County Public Service District No. 1, of Preston County, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"Facilities" or "waterworks facilities" means all the facilities of the System and also any facilities which may hereafter be added to the System by any additions, betterments, extensions and improvements thereto, and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Government" means United States Department of Agriculture, Farmers Home Administration and any governmental successor thereof.

"Herein" means in this resolution.

"Holder of the Bonds" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond or Bonds registered to bearer or not registered, or the registered owner of any outstanding Bond or Bonds which shall at the time be registered other than to the bearer, or of any coupons representing interest accrued or to accrue on said Bonds.

"Net Revenues" means the balance of the gross revenues, as defined herein, remaining after deduction only of operating expenses, as defined herein.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the District relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Original Purchaser" means the purchaser, directly from the District, of any series of Bonds issued pursuant hereto, or any part of any such series.

"Project" means the initial System, as described above in Section 1.02(B), to be constructed as herein provided and financed in part with the proceeds of sale of the 1972 Bonds.

"Revenues" or gross revenues" means all rates, rents, fees, charges or other income received by the District, or accrued to the District, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Board.

"System" means the complete waterworks system of the District, including all water facilities owned by the District and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the acquisition and construction provided for herein.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 2.01. Authorization of Bonds. Subject and pursuant to the provisions of this resolution, Bonds of the District, to be known as "Water Revenue Bonds, Series 1972" are hereby authorized to be issued in the aggregate principal amount of not exceeding Two Hundred Thirteen Thousand Dollars ($213,000) for the purpose of financing part of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bonds. The 1972 Bonds may be issued in coupon or single, fully registered form, and shall be dated on the date of delivery. The 1972 coupon Bonds shall be in the denomination of $1,000 each, shall be numbered in order of maturity, lowest numbers first, from 1 to 213, inclusive, and shall bear interest from date, payable annually on January 1 of each year, at the rate or rates of not to exceed the rate of five per centum (5%) per annum. The minimum price for the 1972 Bonds shall be the par value thereof. Coupon and single, fully registered 1972 Bonds shall be exchangeabl and interchangeable at the expense of the holder on 90 days' notice in writing to the District, provided that the single, fully registered 1972 Bond issued upon initial delivery of the 1972 Bonds by the District shall be exchanged for coupon Bonds at the expense of the District.

The 1972 Bonds shall mature serially in numerical order, lowest numbers first, on January 1 in years and amounts as follows:

Year	Amount	Year	Amount	Year	Amount
1975	$ 1,000	1988	$ 4,000	2001	$ 7,000
1976	1,000	1989	4,000	2002	8,000
1977	2,000	1990	4,000	2003	8,000
1978	2,000	1991	4,000	2004	8,000
1979	2,000	1992	5,000	2005	8,000
1980	2,000	1993	5,000	2006	9,000
1981	3,000	1994	5,000	2007	10,000
1982	3,000	1995	5,000	2008	10,000
1983	3,000	1996	5,000	2009	10,000
1984	3,000	1997	5,000	2010	12,000
1985	3,000	1998	6,000	2011	12,000
1986	3,000	1999	7,000	2012	14,000
1987	3,000	2000	7,000		

The 1972 Bonds shall be redeemable prior to their respective stated dates of maturity at the option of the District, in whole or in part, in inverse numerical order on January 1, 1984, and on any January 1 thereafter at the price of the par value thereof and accrued interest to the date of redemption, subject to earlier redemption as provided in Section 3.01 hereof upon completion of the Project. If all the 1972 Bonds are held by the Government, all or any number of the 1972 Bonds may be redeemed at any time in inverse numerical order.

Notice of the redemption of any of the Bonds shall be published at least once not less than thirty nor more than sixty days prior to the date of redemption in a financial newspaper published in the City of New York, New York, and notice of any such redemption shall be sent by registered or certified mail to the holders of registered Bonds. If all Bonds to be redeemed are registered other than to bearer, no publication of notice of such redemption need be made. Interest shall cease upon any of the Bonds so called for prior redemption on the date fixed for redemption, provided payment thereof has been duly made or provided for.

The 1972 Bonds shall be payable with respect to both principal and interest in lawful money of the United States of America at the office of the State Sinking Fund Commission, Charleston, West Virginia, or at First National City Bank, New York, New York, at the option of the holder unless otherwise provided in and for the single, fully registered Bonds, and shall bear interest from their date, payable in accordance with and, as to coupon Bonds not registered as to interest, upon the surrender of the appurtenant interest coupons as they severally mature.

Section 2.03. Execution of Bonds and Coupons. The Bonds shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. 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 before the Bonds so signed and sealed shall 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 Bond may be signed and sealed on behalf of the District by such person as at the actual time of the execution of such Bonds shall hold the proper office on the Board, although at the date of such Bond such person may not have held such office or may not have been so authorized.

The 1972 Bonds may be sold at one time in their entirety or from time to time in installments as the Board may determine without preference or priority as to any of the 1972 Bonds on account of any such sale in installments.

The coupons to be attached to the Bonds shall be authenticated with the facsimile signatures of the present

or any future Chairman and Secretary, and the District may adopt and use for that purpose the facsimile signature of any person who shall have been such Chairman or Secretary at the time when said Bonds shall be actually sold and delivered.

Section 2.04. Negotiability and Registration. The coupon Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of West Virginia and shall pass by delivery except when registered. The 1972 coupon Bonds may be registered as to principal only or converted into Bonds registered as to both principal and interest in accordance with the provisions of the forms hereinafter provided.

Section 2.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Bond with all unmatured coupons attached of like tenor as the Bond and attached coupons, if any, so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond and attached coupons, if any, or in lieu of and substitution for the Bond and attached coupons, if any, destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the District may require. All Bonds and coupons so surrendered shall be canceled and held for the account of the District. If any such Bond or coupon shall have matured or be about to mature, instead of issuing a substitute Bond or coupon, the District may pay the same, upon being indemnified as aforesaid, and, if such Bond

or coupon be destroyed, stolen or lost, without surrender thereof.

Any such duplicate Bond and coupon issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the District, whether or not the destroyed, stolen or lost Bonds or coupons be at any time found by anyone, and such duplicate Bonds and coupons shall be entitled to equal and proportionate benefits with all other Bonds and coupons issued hereunder.

Section 2.06. Bonds Secured by Pledge of Revenues. The payment of the debt service of all the Bonds shall be secured forthwith equally and ratably by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds, and to make the payments into the Sinking Fund and otherwise as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 2.07. Form of Bonds and Coupons. Subject to the provisions of this resolution, the text of the 1972 Bonds, the provisions for registration to be endorsed thereon, the coupons, the single Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Coupon Bonds)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF PRESTON
PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
WATER REVENUE BOND
SERIES 1972

No. $1,000

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1, in the County of Preston, State of West Virginia, a public corporation and political subdivision of the State of West Virginia (herein called the "District"), for value received, hereby promises to pay to the bearer, or, if this Bond be registered, to the registered holder as herein provided, on the first day of January, , from the revenues hereinafter mentioned, the principal sum of

ONE THOUSAND DOLLARS

with interest thereon at the rate of _____ per centum (. %) per annum, payable on the first day of January of each year, upon the presentation and surrender of the annexed coupons as they severally fall due, unless this Bond be converted into a Bond registered as to both principal and interest. Both principal of and interest on this Bond are payable in lawful money of the United States of America at the office of the State Sinking Fund Commission, Charleston, West Virginia, or, at the option of the holder, at First National City Bank, New York, New York.

The Bonds of the issue of which this Bond is one may be redeemed prior to their stated maturities, without premium, at the option of the District as a whole, or in part in inverse numerical order, on any January 1 beginning January 1, 1984, as provided in the Resolution hereinafter

mentioned, subject to earlier redemption if held by the Federal Government or from moneys in the Project Construction Account, all as provided in said Resolution. Notice of any such redemption shall be published at least once not less than thirty nor more than sixty days prior to the redemption date in a financial newspaper published in the City of New York, New York. Interest shall cease upon this Bond after the date fixed for redemption if it shall be duly called for prior redemption and payment thereof duly provided for.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of Two Hundred Thirteen Thousand Dollars ($213,000) of like date, tenor and effect, except as to number* and date of maturity issued to finance part of the cost of the construction of a water system of the District under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13A, Chapter 16 of the West Virginia Code (herein called the "Act") and other applicable statutes, and a Resolution duly adopted by the Public Service Board of the District.

This Bond and the coupons appertaining hereto are payable solely from, and secured by a first lien on and pledge of, the net revenues derived from the operation of said water system, with monthly payments from such revenues to be made into the Sinking Fund with the State Sinking Fund Commission for payment of the principal hereof and interest hereon, in the manner provided in said Resolution, and do not and shall not in any event constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions

* add ", interest rate" if more than one rate
add ", date of issuance" if more than one date

or limitations, and the District shall never be obligated to pay this Bond or the interest hereon except from the revenues of said water system, as provided in said Resolution. The District covenants with the holders of the Bonds of the issue of which this Bond is one to establish and at all times maintain such rates and collect such charges for the services and facilities of said water system, and to revise the same from time to time, whenever necessary, as will always provide revenues in each fiscal year sufficient to make the required payments into the Sinking Fund and the reserves and accounts as provided in said Resolution and to pay all necessary expenses of operating and maintaining the said water system during such fiscal year, and the District has entered into certain other covenants with the holders of the Bonds of the issue of which this Bond is one, for the terms of which reference is made to said Resolution.

Additional Bonds on a parity with this Bond and the Bonds of the issue of which this Bond is one, as to lien and source of and security for payment, may be issued under the provisions and restrictions contained in said Resolution.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in regular and due form, time and manner as required by the laws and Constitution of the State of West Virginia applicable thereto, and that the issuance of this Bond and of the issue of Bonds of which this Bond is one is not in violation of any constitutional or statutory limitation of indebtedness.

This Bond, under the provisions of the Act, is, and has all the qualities and incidents of, a negotiable instrument.

This Bond and the interest hereon are exempt from taxation by the State of West Virginia and the other taxing bodies of said State.

IN WITNESS WHEREOF, Preston County Public Service District No. 1 has caused this Bond to be signed by the Chairman of its Public Service Board and its corporate seal to be affixed hereto and attested by the Secretary of said Board, and the annexed coupons to be executed with the facsimile signatures of said Chairman and said Secretary, all as of the ____ day of _____, 1972.

PRESTON COUNTY PUBLIC
SERVICE DISTRICT NO. 1

By_____
Chairman of its Public
Service Board

ATTEST:

(SEAL)

_____
Secretary of its Public Service Board

(Form of Coupon)

$

On the first day of January, 19 , unless the Bond to which this coupon was originally attached shall have been callable and duly called for prior redemption and payment of the redemption price duly made or provided for, Preston County Public Service District No. 1, in Preston County, West Virginia, will pay to the bearer at the office of the State Sinking Fund Commission, Charleston, West Virginia, or, at the option of the holder, at First National City Bank, New York, New York, solely from the revenues described in the Bond to which this coupon is attached, the sum shown hereon in lawful money of the United States of America, upon presentation and surrender of this coupon, being the interest then due on its Water Revenue Bond, Series 1972, dated _____, 1972, No.

PRESTON COUNTY PUBLIC
SERVICE DISTRICT NO. 1

By (facsimile signature)
Chairman, Public Service Board

ATTEST:

(facsimile signature)
Secretary, Public Service Board

(CERTIFICATE OF CONVERSION)

It is hereby certified over my signature and the official seal of the issuing Public Service District that upon the presentation of the within Bond with a written request by the holder thereof for its conversion into a bond registered as to both principal and interest, there have been this day cut off and destroyed _____ interest coupons attached thereto, of the amount and value of _____ each, being all the coupons for interest on the within Bond payable after the date of this certificate, and that the interest at the rate and on the dates stated in the within bond and as was provided by the coupons, as well as the principal, is to be paid to the registered holder hereof, his legal representatives, successors or transferees, at the place stated in the within bond and as was stated in the coupons. The principal of and interest on this Bond shall be payable only to the registered holder hereof named in the registration blank below, or his legal representative, and this Bond shall be transferable only on the books of the registrar kept in the office of the undersigned, and by an appropriate notation in such registration blank. When registered the registrar shall treat the registered owner as the person exclusively entitled to payment of interest and the exercise of all other rights and powers of the owner prior to due presentment for registration of transfer.

Dated: _____, 19___.

(SEAL OF PUBLIC DISTRICT)

_____, Registrar

Date of Registration	In Whose Name Registered	Signature of Treasurer of Public Service District as Registrar

(Form of Single, Fully Registered Bond)

REVENUE BOND

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

NO. R-1

Date: _____, 19___

FOR VALUE RECEIVED, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (herein called the "Government") at its office in Kingwood, West Virginia, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Hundred Thirteen Thousand Dollars ($213,000), plus interest on the unpaid principal balance at the rate of five percent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: $ January 1, 1973, $10,650 January 1, 1974, and $12,650 annually thereafter on January 1, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date

basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of a waterworks of the borrower, is payable solely from the revenues to be derived from the operation of such waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia,

including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

(CORPORATE SEAL)

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
(Name of Borrower)

(Signature of Executive Official)

ATTEST:

(Signature of Attesting Official)

Chairman, Public Service Board
(Title of Executive Official)

Secretary, Public Service Board
(Title of Attesting Official)

(Post Office Box No. or Street Address)

West Virginia
(City, State, and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL _____

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. All moneys received from the sale of any or all the 1972 Bonds and the proceeds of all grants in aid of construction shall be deposited on receipt by the District in Farmers' & Merchants' Bank, Morgantown, West Virginia, a member of Federal Deposit Insurance Corporation (FDIC) in a special account heretofore created and designated as "Preston County Public Service District No. 1 Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this resolution.

Moneys received upon delivery of the 1972 Bonds representing accrued interest will be immediately transferred to and deposited in the Sinking Fund.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and deposit in the Sinking Fund, not later than fifteen days prior to the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the 1972 Bonds on such interest payment date.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the

ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall first be used to refund promptly any overpayment made with respect to any Federal grant, and any moneys then remaining in the Project Construction Account shall be promptly used to redeem or prepay the latest maturing 1972 Bonds and any residue shall be deposited in the Sinking Fund. The 1972 Bonds shall be subject to such redemption or prepayment without premium under the conditions stated in this paragraph.

Section 3.02. Covenants of the District as to Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and Reserve Account therein, hereinafter established, a sum sufficient to pay, when due or at the earliest practical redemption date, the entire principal of the Bonds remaining unpaid together with interest accrued and to accrue thereon, the District further covenants with the holders of any and all Bonds issued pursuant to this resolution as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund

(herein called the "Revenue Fund") is hereby established initially with said Farmers' & Merchants' Bank.
The Revenue Fund shall constitute a trust fund for the purposes provided in this resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this resolution.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The District shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The District shall next, before the end of each month, transfer from the Revenue Fund and remit to the State Sinking Fund Commission, for deposit into the "Sinking Fund", which is hereby established with the State Sinking Fund Commission, one-twelfth of the amount required to pay the interest becoming due on the Bonds on the next interest payment date and, commencing with the month of January, 1974, one-twelfth of the amount of principal maturing on the next Bond principal maturity date.

The District shall also remit to the State Sinking Fund Commission, from time to time, such amounts as shall be required to pay the fiscal charges due to paying agents for paying the Bonds and the interest thereon.

(3) The District shall next, each month, transfer from the Revenue Fund and remit to the State Sinking Fund Commission, for deposit into the Reserve Account, hereby established in the Sinking Fund, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Bonds outstanding until the amount in the Reserve Account equals such maximum annual aggregate

amount of interest and principal. After such amount has been accumulated in the Reserve Account, the District shall monthly remit to the State Sinking Fund Commission such part of the moneys remaining in the Revenue Fund, after such provision for payment of maturing principal of and interest on the Bonds, as shall be required to maintain such amount in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency in the Sinking Fund for payment of the principal of and interest on the Bonds as the same shall mature or for mandatory redemption of Bonds as hereinafter provided and for no other purpose.

(4) The District shall next, each month, transfer from the Revenue Fund and remit to the State Sinking Fund Commission the moneys remaining in the Revenue Fund and not permitted to be retained therein, for deposit in the Depreciation Reserve, hereby established with the State Sinking Fund Commission, until there has been accumulated therein the sum of $7,000 and thereafter, such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies in the Sinking Fund for payment of principal of and interest on the Bonds as the same mature, and next to restore to the Reserve Account any sum or sums transferred therefrom to the Sinking Fund. Thereafter, and provided that payments into the Sinking Fund and the Reserve Account therein are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the District and used for extensions, replacements and improvements of the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained

therein may be used to redeem Bonds outstanding or for any lawful purpose, the State Sinking Fund Commission to handle redemption of Bonds upon instructions of the District.

Whenever the moneys in the Sinking Fund and in the Reserve Account therein shall be sufficient to purchase or redeem all Bonds outstanding, it shall be the mandatory duty of the District, anything to the contrary in this resolution notwithstanding, to direct the State Sinking Fund Commission to purchase or redeem all outstanding Bonds at the earliest practical date and in accordance with applicable provisions hereof, any such purchase to be at a price or prices not exceeding the then market price of Bonds so purchased, but in no event exceeding the then redemption price of the Bonds, as to Bonds subject to redemption, and not exceeding the par value of Bonds not subject to redemption but available for purchase.

The State Sinking Fund Commission is hereby designated as the Fiscal Agent for the administration of the Sinking Fund, the Reserve Account and the Depreciation Reserve as herein provided, and all amounts required therefor will be remitted to the State Sinking Fund Commission from the Revenue Fund by the District at the times provided herein, together with written advice stating the amount remitted for deposit into said Fund, Account and Reserve.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Bondholders shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in the Revenue Fund shall at all times be secured, to the full extent thereof in excess

of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to place the required amount in any of the funds or accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to those which would otherwise be required to be made into the funds or accounts on the subsequent payment dates.

The State Sinking Fund Commission shall keep the moneys in the Sinking Fund, the Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years.

(C) Initial Deposit in Revenue Fund. Prior to issuance of the 1972 Bonds, the District shall have signed agreements with at least 209 bona fide users and shall collect as connection fees, at $ 20 each, the aggregate sum of not less than $4,180, which sum shall be used to establish the initial Revenue Fund.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and the Reserve Account therein a sum sufficient to pay when due, or redeem or purchase prior to maturity, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon and any applicable redemption premiums, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the District and the Bondholders.

Section 4.02. Rates. The District will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the average annual debt service on all Bonds outstanding and to make the payments required herein into the Sinking Fund, the Reserve Account and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. 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 all the Bonds and the interest thereon as herein provided. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the State Sinking Fund Commission and the District shall direct said Commission to apply such proceeds to the payment of principal and interest of the Bonds at the redemption price, as herein provided, or upon purchase at the then current market price not exceeding the par value thereof plus accrued interest to the date of purchase. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the District by the State Sinking Fund Commission unless necessary for the payment of other obligations issued by the District and payable out of the revenues of the System.

The foregoing provision notwithstanding, the District shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof, provided that the net book value thereof does not exceed $5,000. Prior to any such sale, lease or other disposition of said property, the general manager or other duly authorized officer in charge of the System shall make a finding in writing, concurred in by resolution of the Board, determining that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and such proceeds shall be deposited in the Depreciation Reserve.

Payments of such proceeds into the Depreciation Reserve shall not reduce the amounts required to be paid into the Depreciation Reserve by other provisions of this resolution.

Section 4.04. Covenant Against Encumbrances. The District will not issue any obligations whatsoever, except additional parity Bonds hereinafter provided for, 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 District payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues, and in all other respects, to the Bonds.

The District will not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge, having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged as security therefor in this resolution, or upon the System, or any part thereof.

Section 4.05. Issuance of 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 resolution, except under the conditions and in the manner herein provided.

(A) No such additional parity Bonds shall be issued except for the purposes of financing the costs of the construction or acquisition of extensions, additions and improvements to the System or refunding Bonds issued hereunder, except as provided in subsection (G) of this Section.

(B) No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured

and filed with the Secretary a written certification by a certified public accountant not in the regular employ of the District, based upon the necessary investigation, reciting the conclusion that the net revenues, as defined herein and adjusted as provided below, actually derived from the System during the fiscal year immediately preceding the date of the issuance of such additional parity Bonds, shall have been not less than one hundred twenty per centum (120%) of the average aggregate amount which will mature or become due in any succeeding fiscal year for principal of and interest on the Bonds originally issued pursuant to this resolution then outstanding, and on any additional parity Bonds theretofore issued pursuant to the provisions contained in this resolution then outstanding, and on the additional parity Bonds then proposed to be issued. This limitation may be waived or modified by the written consent of Bondholders representing 75% of each Series of the then outstanding Bonds issued pursuant hereto.

(C) Prior to the issuance of any such additional parity Bonds, the District shall have entered into written contracts for the immediate acquisition or construction of such additions, extensions or improvements to the System which are to be financed by such additional parity Bonds.

(D) 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 Bonds originally authorized and issued pursuant to this resolution or with Bonds which were issued pursuant to this Section as additional parity Bonds, and all the covenants and other provisions of this resolution (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the holders of any Bonds originally authorized

and issued pursuant to this resolution and the holders of any additional parity Bonds subsequently issued within the limitations of and in compliance with this Section. All such 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 or coupon over any other. The District shall comply fully with all the increased payments into the various funds created in this resolution required for such additional parity Bonds, in addition to the payments required for Bonds theretofore issued hereunder. Redemption of Bonds prior to maturity, in the event that Bonds of more than one series are outstanding, shall as nearly as practical be on an equal pro rata basis reflecting the original amounts of each series.

(E) All additional parity Bonds issued pursuant to this Section shall mature or be subject to mandatory redemption on January 1 of the year or years of maturity, and the interest thereon shall be payable January 1 of each year.

(F) No additional parity Bonds shall be issued at any time unless all the payments into the respective Funds provided for in this resolution on Bonds then outstanding and all other payments provided for in this resolution shall have been made or paid up as required to the date of issuance of the additional parity Bonds and the District shall have fully complied with all the covenants, agreements and terms of this resolution or shall have remedied any deficiency in such compliance.

(G) With the written consent in advance of the original purchaser of the 1972 Bonds and anything to the contrary in subsections (A), (B) and (C) of this Section notwithstanding, additional parity Bonds may be authorized

and issued by the District pursuant to supplemental resolution in the event that the 1972 Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of construction of the Project. Any such additional parity Bonds authorized and issued under the provisions of this subsection shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of such construction costs, and the maturities of any such additional parity Bonds shall be in years and amounts suggested by such original purchaser.

Section 4.06. Insurance and Bonds. The District hereby covenants and agrees that so long as any of the Bonds remain outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the District will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The District will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the District during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $100,000 for one person and $300,000 for more than one person injured or killed in one accident to protect the

District from claims for bodily injury and/or death, and not less than $100,000 from claims for damage to property of others which may arise from the District's operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than $100,000 for one person and $300,000 for more than one person injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than $100,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Court of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $10,000, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Government holds any of the Bonds, the District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.07. Statutory Mortgage. For the further protection of the holders of the Bonds and the coupons appertaining thereto, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of any of the Bonds.

Section 4.08. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of the principal, and, if any premium be due, of such premium, of any of the Bonds either at the date therein specified for their payment or on the date fixed for redemption by proceedings for redemption, or otherwise;

(B) Failure to make payment of any installment of interest due on any of the Bonds on the date specified for the payment of such interest;

(C) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District contained in the Bonds or in this resolution, or violation of or failure to observe any provision

of any pertinent law, provided any such failure or violation, excluding those covered in (A) and (B) above in this Section, shall continue for a period of thirty days after written notice shall have been given to the District by any Bondholder specifying such failure or violation and requiring the same to be remedied.

Section 4.09. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, any Bondholder may proceed to protect and enforce the rights of the Bondholders by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by such Bondholder, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.10. No Priority Between Bonds. The Bonds shall not be entitled to priority one over the other in the application of the revenues of the System or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention of the District that there shall be no priority among the Bonds, regardless of the fact that they may be actually issued and delivered at different times.

Section 4.11. Fiscal Year; Budget. While any Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the District agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year and shall be mailed to the original purchaser of the Bonds and to those Bondholders who shall have filed their names and addresses with the Secretary of the Board for such purpose.

If for any reason the District shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the District. Each such Budget of Current Expenses shall be mailed immediately as in the case of the Annual Budget.

Section 4.12. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any

compensation to any member of the Board for policy direction shall not be made if such payment would cause the Net Operating Income to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision of this resolution.

Section 4.13. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.14. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and any holder of a Bond or Bonds, his agents and representatives, shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants, shall mail a copy of such audit report to the Government and the original purchaser of the Bonds, and shall make available the report of said accountants at all reasonable times to any holder or holders of the Bonds, or any customer receiving services from the System, or anyone acting for and in behalf of such Bondholder, Bondholders or customer.

Section 4.15. Maintenance of System. The District covenants that it will continuously operate, in an economical

and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as any of the Bonds are outstanding.

Section 4.16. No Competition. The District will not permit competition with the waterworks within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the waterworks within the boundaries of the District or within the territory served by the waterworks.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System shall be as follows:

AVAILABILITY OF SERVICE

Available for all domestic, commercial, institutional and industrial consumers within the District's service area.

RATES

First	3,000 gallons used per month	$2.50	per thousand gallons
Next	3,000 gallons used per month	$2.00	per thousand gallons
Next	4,000 gallons used per month	$1.70	per thousand gallons
Next	10,000 gallons used per month	$1.40	per thousand gallons
All Over	20,000 gallons used per month	$1.00	per thousand gallons

MINIMUM CHARGES; TAP FEES

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

Size of Meter	Tap Fee*	Minimum Bill
5/8"	$20.00	$ 7.50
3/4"	for	10.80
1"	all	19.20
1 1/2"		43.20
2"		76.80
3"		172.80

* After completion of construction, tap fees will be $100.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within ten (10) days after date of billing, a penalty of fifty cents (50¢) will be added to the net amount of the bill.

If any bill is not paid within thirty (30) days of the date thereof, the bill will be considered delinquent and subject to disconnection. However, service shall not be disconnected to any customer for nonpayment of bill without first having diligently tried to induce the customer to pay the same and until after at least twenty-four (24) hours' written notice to the customer. Service shall not be restored until all amounts in arrears, including accrued penalties, plus a reconnection fee of $5.00 have been paid.

MULTIPLE OCCUPANCY

On apartment buildings, or other multiple occupancy buildings, or house trailer courts or parks, each unit shall be required to pay not less than the minimum monthly charge herein established. Motels and hotels shall be exempt from this charge.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for thirty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

D. The District will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the District or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The District may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. No allowance or adjustment in any bill for use of the service and facilities of the System shall be made for any leakage occurring on the customer's side of any water meter.

G. The District shall not be liable to any customer for any damage resulting from bursting or breakage of any line, main, pipe, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatsoever.

H. In case of emergency, the District shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the District.

I. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions of this resolution and the District shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide net revenues to meet its obligations hereunder, but never less than 110% of the average annual debt service on all Bonds outstanding.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bonds, or sooner, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter, shall file such Financing Statements in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Court of said County.

Section 6.02. Modification or Amendment. No material modification or amendment of this resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the consent in writing of the holders of two-thirds or more in principal amount of the Bonds then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of any of the Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affecting the unconditional promise of the District to pay the principal of and interest on the Bonds as the same shall become due from the revenues of the System, without the consent of the holders of such Bonds. Notwithstanding the above, no amendment or modification shall be made without unanimous consent of the bondholders which would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications and for consent of 75% of the holders of each Series of Bonds outstanding to waiver or modification of the limitation upon issuance of additional parity Bonds contained in Section 4.05B.

Section 6.03. Sale of Bonds. The Secretary of the Board is hereby authorized and directed to cause notice for bids for the purchase of all the 1972 Bonds, but not less than all,

to be published at least once not less than five days prior to the date fixed for the receipt of bids, in a newspaper published and of general circulation in Preston County.

Section 6.04. Refunding of Bonds Permitted. The District reserves the right, subject to applicable provisions of law, to refund the Bonds when in its judgment it would be to the best interests of the District and of its inhabitants so to do. Upon payment of all the Bonds outstanding, prior to or simultaneously with the issuance of any refunding bonds or of an issue of bonds for the purposes of refunding the Bonds then outstanding and providing funds for additions, extensions and improvements to the System, or upon provision for such payment by deposit irrevocably in trust, with the State Sinking Fund Commission of West Virginia, of a sum equal to the principal amount of the Bonds outstanding, plus an amount equal to all interest accrued and to accrue to the date of payment or redemption of such Bonds, and plus an amount sufficient to pay all applicable redemption premiums on the earliest practical redemption date, the security, pledge and any lien applicable to the Bonds then outstanding shall immediately cease and determine. The sum so deposited in trust shall be used solely to pay at the earliest practical redemption date the principal amount of the Bonds and all interest thereon to the date of redemption and any applicable redemption premiums, or to purchase Bonds at not to exceed the par value of the Bonds plus interest accrued to date of purchase. The moneys so deposited may be invested by the State Sinking Fund Commission in direct obligations of the United States of America or obligations the payment of the principal of and interest on which is guaranteed by the United States of America, having maturities not later than the dates on which the moneys shall be required to be used for such redemption.

Section 6.05. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this resolution or the Bonds or coupons appertaining thereto.

Section 6.06. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflicts hereby repealed.

Section 6.07. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.08. Effective Time. This resolution shall take effect immediately upon its adoption.

Adopted January 7, 1972.

Richard Harper
Chairman of Public Service Board

Eldon L. Turner
Member

Thomas M. [illegible]
Member

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

$70,000 Water Revenue Bonds,
Series 1974

BOND RESOLUTION

Table of Contents

Subject	Page
RECITALS	
ARTICLE I - FINDINGS, PROVISIONS AS TO 1972 RESOLUTION AND DEFINITIONS	
Section 1.1. Findings	3
Section 1.2. 1972 Resolution Applies	3
Section 1.3. Definitions	4
ARTICLE II - COMPLIANCE WITH 1972 RESOLUTION FOR ISSUANCE OF ADDITIONAL PARITY BONDS	5
Section 2.1. Statement of Compliance	5
ARTICLE III - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF 1974 BONDS	
Section 3.1. Authorization of 1974 Bonds	7
Section 3.2. Description of 1974 Bonds	7
Section 3.3. Execution of 1974 Bonds and Coupons	9
Section 3.4. Negotiability and Registration	9
Section 3.5. Bonds Secured by Pledge of Revenues	9
Section 3.6. Forms of 1974 Bonds and Coupons	10
(Form of Coupon Bonds)	11
(Form of Coupon)	15
(Certificate of Conversion)	16
(Form of Single, Fully Registered Bond)	17
(Record of Advances)	21
ARTICLE IV - COVENANTS OF DISTRICT	
Section 4.1. Bond Proceeds; Project Construction Account	22
Section 4.2. Covenants of 1972 Resolution Applicable; Increases in Sinking Fund, Reserve Account and Repair and Replacement Fund	23
Section 4.3. Payments of Principal and Interest While Government Holds All 1974 Bonds	24
Section 4.4. Tap Fees	24

12/6/73

ARTICLE V - RATES, ETC.

Section 5.1. Rates, Charges and Rules 25

ARTICLE VI - MISCELLANEOUS

Section 6.1. Resolutions Constitute Contract 26
Section 6.2. Separability 26
Section 6.3. Headings, etc. 26
Section 6.4. Filing Under Uniform Commercial Code 26
Section 6.5. Sale of 1974 Bonds 26
Section 6.6. Conflicting Provisions 27
Section 6.7. Effective Time 27

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

RESOLUTION ORDERING AND AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONAL WATER FACILITIES FOR PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 AND THE ISSUANCE OF $70,000 WATER REVENUE BONDS, SERIES 1974, ON A PARITY WITH THE WATER REVENUE BOND, SERIES 1972, OF THE DISTRICT

WHEREAS, Preston County Public Service District No. 1 (herein called the "District"), in Preston County, West Virginia, has heretofore been duly created and is now organized and operating as a public corporation and a political subdivision of the State of West Virginia under the provisions of Article 13A of Chapter 16 of the Official West Virginia Code of 1931, as amended and supplemented (herein called the "Act"), and the Public Service Board of the District (herein called the "Board") has heretofore been organized and is now functioning as the governing body of the District, having the duties, powers and authority as provided by the Act; and

WHEREAS, the Public Service Board of the District has heretofore authorized and constructed water facilities within the District to supply water for public and private uses within the District and has heretofore financed the same by sale of the Water Revenue Bond, Series 1972, of the District to be dated October 11, 1972, in the aggregate principal amount of $213,000, bearing interest at the rate of 5% per annum, represented by a fully registered Bond, now held or insured by the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "1972 Bonds"), as provided in the resolution of the Board adopted January 7, 1972 (herein called the "1972 Resolution"); and

WHEREAS, under the provisions of the Act and the 1972 Resolution, the District is authorized and empowered to construct and operate additions, extensions and improvements to said water facilities and to issue additional bonds on a parity with the 1972 Bonds; and

WHEREAS, this Board now desires to authorize the acquisition and construction of additional water facilities and to provide for the financing thereof by the issuance of additional bonds on a parity with the 1972 Bonds as hereinafter provided;

NOW, THEREFORE, be it and it is hereby resolved by the Public Service Board of Preston County Public Service District No. 1:

ARTICLE I

FINDINGS, PROVISIONS AS TO 1972 RESOLUTION AND DEFINITIONS

Section 1.1. Findings. It is hereby found to be necessary and essential that the District construct and acquire additions, extensions and improvements for the water distribution system owned by the District, briefly described as the acquisition, construction and installation of additions, extensions and improvements of said water distribution system to serve additional customers, including

with necessary appurtenant facilities, all in accordance with, and more particularly described in the plans and specifications therefor prepared by Cerrone & Vaughn, Inc., Consulting Engineers, of Wheeling, West Virginia, now on file with the Secretary of the Board, at the estimated cost of $70,000 (such additions to said water distribution system being herein called the "Project"), all which estimated cost will be provided by the 1974 Bonds. Such cost shall include the cost of acquisition, construction and installation of such additions, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon temporary construction financing during construction and for six months after completion of the Project; fees and expenses of engineers, fiscal agents and attorneys; expenses for estimates of cost and of revenues; expenses for plans, specifications and surveys; other expenses necessary or incidental to determining the feasibility or practicability of the Project; administrative expenses and such other expenses as may be necessary or incidental to the financing hereby authorized and the construction, acquisition and placing in operation of the Project (all such costs being herein called "Project Costs").

Section 1.2. 1972 Resolution Applies. The 1974 Bonds shall be on a parity with the 1972 Bonds. Accordingly, the 1972 Resolution is

hereby incorporated herein by reference and shall be read as a part hereof, subject to the provisions hereof as to the Project and as to the details of the 1974 Bonds as herein provided.

Section 1.3. Definitions. All terms used in this Resolution shall have the same meanings as defined in the 1972 Resolution unless otherwise expressly provided. The following terms, as used herein, shall have the following meanings:

"Act" means Chapter 16, Article 13A of the West Virginia Code.

"1972 Bonds" means the Water Revenue Bond, Series 1972, of the District dated October 11, 1972, and as described in the preambles hereof.

"1974 Bonds" means the Water Revenue Bonds, Series 1974, in the aggregate principal amount of $70,000, of the District hereby authorized and the interest coupons appertaining thereto.

"Bonds" means collectively the 1974 Bonds and the 1972 Bonds and any additional bonds issued on a parity with the 1972 Bonds and the 1974 Bonds and the interest coupons appertaining to any of such Bonds.

"Government" means Farmers Home Administration of the United States Department of Agriculture.

"Project" means the additions, extensions and improvements to the water distribution system of the District hereby authorized and described in Section 1.1 above.

"Project Costs" means all costs of the Project as defined in Section 1.1 above.

"1972 Resolution" means the Bond Authorizing Resolution adopted by the Public Service Board of the District on January 7, 1972, authorizing issuance of the 1972 Bonds.

"System" means the water distribution system of the District as expanded by the Project and all additions thereto and improvements thereof and all facilities, properties and accounts appertaining thereto, both now existing and hereafter added.

ARTICLE II

COMPLIANCE WITH 1972 RESOLUTION FOR ISSUANCE OF ADDITIONAL PARITY BONDS

Section 2.1. Statement of Compliance. The Board hereby declares and certifies that all requirements and provisions, expressed and implied, for the issuance of additional parity bonds as set out in Section 4.05 of the 1972 Resolution have been accomplished, completed and complied with, including, but not limited to, the following:

(A) The District has received and has on file with the Secretary of the Board the written approval of the State Director of Farmers Home Administration for the issuance of the 1974 Bonds on a parity with the 1972 Bonds.

(B) The 1974 Bonds are to be issued for the purpose of financing the costs of construction and acquisition of extensions, additions and improvements to the System.

(C) The District has entered into written contracts for the immediate acquisition and construction of the additions, extensions or improvements to the System which are to be financed by the 1974 Bonds.

(D) The District covenants and agrees that it will comply fully with all the increased payments into the various funds established by the 1972 Resolution as required by the issuance of the 1974 Bonds.

(E) The District is not and has not been in default as to any payments required by Section 3.02 of the 1972 Resolution. The District has made all the payments into the respective funds as provided for in 1972 Resolution, and all other payments provided for therein have been or will be made as required to the date of issuance of the 1974 Bonds, and the District has complied and will continue to comply fully with all the covenants, agreements and terms of the 1972 Resolution.

(F) The net operating income of the District will be sufficient to pay all expenses of operation and maintenance of the System

and the principal of and interest on the 1972 Bonds and the 1974 Bonds as they mature and become due and to meet all requirements of the 1972 Resolution as supplemented by this Resolution.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF 1974 BONDS

Section 3.1. Authorization of 1974 Bonds. Subject and pursuant to the provisions of this resolution, Bonds of the District, to be known as "Water Revenue Bonds, Series 1974" are hereby authorized to be issued in the aggregate principal amount of not exceeding Seventy Thousand Dollars ($70,000) for the purpose of financing the costs of the construction and acquisition of the Project.

Section 3.2. Description of 1974 Bonds. The 1974 Bonds may be issued in coupon or single, fully registered form, and shall be dated on the date of delivery. The 1974 coupon Bonds shall be in the denomination of $500 each, shall be numbered in order of maturity, lowest number first, and shall bear interest, payable annually on January 1 of each year, at the rate or rates of not to exceed the rate of five per centum (5%) per annum and a net interest cost of not to exceed the rate of five per centum (5%) per annum. The minimum price for the 1974 Bonds shall be the par value thereof. Coupon and single, fully registered 1974 Bonds shall be exchangeable and interchangeable at the expense of the holder on 90 days' notice in writing to the District, provided that single, fully registered 1974 Bonds issued upon initial delivery of the 1974 Bonds by the District shall be exchangeable for coupon Bonds at the expense of the District.

The 1974 Bonds shall mature serially in numerical order, lowest numbers first, on January 1 in years and amounts shown below, except that any single, fully registered 1974 Bond issued upon such initial delivery may provide for monthly payments covering interest and principal and otherwise as shown in the forms set forth below:

Year	Amount	Year	Amount	Year	Amount
1976	$ 500	1989	$1,000	2002	$2,500
1977	500	1990	1,500	2003	2,500
1978	500	1991	1,500	2004	2,500
1979	500	1992	1,500	2005	2,500
1980	500	1993	1,500	2006	2,500
1981	1,000	1994	1,500	2007	3,000
1982	1,000	1995	1,500	2008	3,000
1983	1,000	1996	1,500	2009	3,000
1984	1,000	1997	2,000	2010	3,000
1985	1,000	1998	2,000	2011	3,000
1986	1,000	1999	2,000	2012	3,500
1987	1,000	2000	2,000	2013	3,500
1988	1,000	2001	2,000	2014	3,500

The 1974 Bonds shall be redeemable prior to their respective stated dates of maturity at the option of the District, in whole or in part, in inverse numerical order on January 1, 1986, and on any January 1 thereafter at the price of the par value thereof and accrued interest to the date of redemption, subject to earlier redemption as provided herein or in the 1972 Resolution.

Any redemption of Bonds shall, to the extent feasible, be on an equal pro rata basis in ratio to the amount of the original issue of each series of parity Bonds.

Notice of the redemption of any of the 1974 Bonds shall be published in the City of New York, New York, and notice of any such redemption shall be sent by registered or certified mail to the holders of registered 1974 Bonds. If all 1974 Bonds to be redeemed are registered other than to bearer, no publication of such redemption need be made. Interest shall cease upon any of the 1974 Bonds so called for prior redemption on the date fixed for redemption, provided payment thereof has been duly made or provided for.

The 1974 Bonds shall be payable with respect to both principal and interest in lawful money of the United States of America at the office of the State Sinking Fund Commission, Charleston, West Virginia, or at First National City Bank, New York, New York, at the option of the holder, unless otherwise provided in and for the single, fully registered Bond, and shall bear interest from their date, payable in accordance with and,

as to coupon Bonds not registered as to interest, upon the surrender of the appurtenant interest coupons as they severally mature.

Section 3.3. Execution of 1974 Bonds and Coupons. The 1974 Bonds shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the 1974 Bonds shall cease to be such officer before the 1974 Bonds so signed and sealed shall have been actually sold and delivered, such 1974 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 1974 Bond may be signed and sealed on behalf of the District by such person as at the actual time of the execution of such Bonds shall hold the proper office on the Board, although at the date of such Bond such person may not have held such office or may not have been so authorized.

The coupons to be attached to the 1974 Bonds shall be authenticated with the facsimile signatures of the present or any future Chairman and Secretary, and the District may adopt and use for that purpose the facsimile signature of any person who shall have been such Chairman or Secretary at the time when such 1974 Bonds shall be actually sold and delivered.

Section 3.4. Negotiability and Registration. The 1974 Bonds in coupon form shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of West Virginia and shall pass by delivery except when registered. The 1974 Bonds in coupon form may be converted into Bonds registered as to both principal and interest in accordance with the provisions of the forms hereinafter provided.

Section 3.5. Bonds Secured by Pledge of Revenues. The payment of the debt service of all the 1974 Bonds and the 1972 Bonds

shall be secured forthwith equally and ratably by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds, and to make the payments into the Bond Fund and otherwise as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.6. Forms of 1974 Bonds and Coupons. Subject to the provisions of this resolution, the text of the 1974 Bonds, the provisions for registration to be endorsed thereon, the coupons, the single Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Coupon Bonds)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
WATER REVENUE BOND
SERIES 1974

No. $500

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1, a public service district in the County of Preston, State of West Virginia, and a public corporation and political subdivision of the State of West Virginia (herein called the "District"), for value received, hereby promises to pay to the bearer, or, if this Bond be registered, to the registered holder as herein provided, on the first day of January, , from the revenues hereinafter mentioned, the principal sum of

FIVE HUNDRED DOLLARS

with interest thereon at the rate of _____ per centum (%) per annum, payable on the first day of January of each year, upon the presentation and surrender of the annexed coupons as they severally fall due, unless this Bond be converted into a Bond registered as to both principal and interest. Both principal of and interest on this Bond are payable in lawful money of the United States of America at the office of the State Sinking Fund Commission, Charleston, West Virginia, or, at the option of the holder, at First National City Bank, New York, New York.

The Bonds of the issue of which this Bond is one may be redeemed prior to their stated maturities, without premium, at the option of the District as a whole, or in part in inverse numerical order, on any January 1 beginning January 1, 1986, as provided in the resolutions hereinafter mentioned, subject to earlier redemption from moneys in the Project Construction Account as provided in said resolutions. Notice of any such redemption shall be published at least once not less than thirty nor more than sixty days prior to the redemption date in a financial

newspaper published in the City of New York, New York. Interest shall cease upon this Bond after the date fixed for redemption if it shall be duly called for prior redemption and payment thereof duly provided for.

This Bond is one of an authorized issue of Bonds (herein called the "1974 Bonds") in the aggregate principal amount of Seventy Thousand Dollars ($70,000) of like date, tenor and effect, except as to number* and date of maturity issued to finance part of the cost of the construction and acquisition of additions, extensions and improvements to the waterworks of the District under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13A, Chapter 16 of the West Virginia Code (herein called the "Act") and other applicable statutes, and a resolution duly adopted by the Public Service Board of the District.

The Bonds of the issue and series of which this Bond is one are on a parity with the Water Revenue Bond, Series 1972, of the District dated October 11, 1972, initially issued in the aggregate principal amount of $213,000 (herein called the "1972 Bonds"). The 1972 Bonds were issued pursuant to a resolution of the Board adopted January 7, 1972 (herein called the "1972 Resolution"), and the Bonds of the issue and series of which this Bond is one have been authorized and issued in full compliance with the 1972 Resolution.

Any redemption of the 1974 Bonds shall, to the extent feasible, be on an equal pro rata basis with the 1972 Bonds and other parity bonds in ratio to the amount of the original issue of each series.

This Bond and the coupons appertaining hereto and the 1972 Bonds and the coupons appertaining thereto are payable solely from, and secured by a first lien on and pledge of, the net revenues derived from the operation of said waterworks, with monthly payments from such revenues

* add, "interest rate" if more than one rate

to be made into the Bond Fund with the State Sinking Fund Commission for payment of the principal hereof and interest hereon, in the manner provided in said resolutions, and do not and shall not in any event constitute an indebtedness of the District within the meaning of any constitutional or statutory limitations, and the District shall never be obligated to pay this Bond or the interest hereon except from the revenues of said waterworks system, as provided in said resolutions. The District covenants with the holders of the Bonds of the issue and series of which this Bond is one to establish and at all times maintain such rates and collect such charges for the services and facilities of said waterworks, and to revise the same from time to time, whenever necessary, as will always provide revenues in each fiscal year sufficient to make the required payments into the Bond Fund and the reserves and accounts as provided in said resolutions for the 1972 Bonds and the 1974 Bonds, and to pay all necessary expenses of operating and maintaining the said waterworks during such fiscal year, and the District has entered into certain other covenants with the holders of the Bonds of the issue and series of which this Bond is one, for the terms of which reference is made to said resolutions.

Additional Bonds on a parity with this Bond and the Bonds of the issue and series of which this Bond is one, as to lien and source of and security for payment, may be issued under the provisions and restrictions contained in the 1972 Resolution.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in regular and due form, time and manner as required by the laws and Constitution of the State of West Virginia applicable thereto, and that the issuance of this Bond and of the issue and series of Bonds of which this Bond is one is not in violation of any constitutional or statutory limitation of indebtedness.

This Bond, under the provisions of the Act, is, and has all the qualities and incidents of, a negotiable instrument.

This Bond and the interest hereon are exempt from taxation by the State of West Virginia and the other taxing bodies of said State.

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 has caused this Bond to be signed by the Chairman of its Public Service Board and its corporate seal to be affixed hereto and attested by the Secretary of said Board, and the annexed coupons to be executed with the facsimile signatures of said Chairman and said Secretary, all as of the _____ day of _____, 1974.

PRESTON COUNTY PUBLIC SERVICE DISTRICT
NO. 1

By_____
Chairman of its Public
Service Board

ATTEST:

[SEAL]

_____
Secretary of its Public Service Board

(Form of Coupon)

$

On the first day of January, 19 , unless the Bond to which this coupon was originally attached shall have been callable and duly called for prior redemption and payment of the redemption price duly made or provided for, Preston County Public Service District No. 1, in Preston County, West Virginia, will pay to the bearer at the office of the State Sinking Fund Commission, Charleston, West Virginia, or, at the option of the holder, at First National City Bank, New York, New York, solely from the revenues described in the Bond to which this coupon is attached, the sum shown hereon in lawful money of the United States of America, upon presentation and surrender of this coupon, being the interest then due on its Water Revenue Bond, Series 1974, No. .

PRESTON COUNTY PUBLIC SERVICE DISTRICT
NO. 1

By (facsimile signature)
Chairman, Public Service Board

(facsimile signature)
Secretary, Public Service Board

CERTIFICATE OF CONVERSION

It is hereby certified over my signature and the official seal of the issuing Public Service District that upon the presentation of the within bond with a written request by the holder thereof for its conversion into a bond registered as to both principal and interest, there have been this day cut off and destroyed _____ interest coupons attached thereto, of the amount and value of _____ each, being all the coupons for interest on the within Bond payable after the date of this certificate, and that the interest at the rate and on the dates stated in the within Bond and as was provided by the coupons, as well as the principal, is to be paid to the registered holder hereof, his legal representatives, successors or transferees, at the place stated in the within Bond and as was stated in the coupons. The principal of and interest on this Bond shall be payable only to the registered holder hereof named in the registration blank below, or his legal representative, and this Bond shall be transferable only on the books of the registrar kept in the office of the undersigned, and by an appropriate notation in such registration blank. When registered the registrar shall treat the registered owner as the person exclusively entitled to payment of interest and the exercise of all other rights and powers of the owner prior to due presentment for registration of transfer.

Dated: _____, 19___.

_____, Registrar

[SEAL OF PUBLIC SERVICE DISTRICT]

Date of Registration	In Whose Name Registered	Signature of Treasurer of Public Service District as Registrar

(Form of Single, Fully Registered Bond)

REVENUE BOND

No. R-1

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Date: _____, 19__

FOR VALUE RECEIVED, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Seventy Thousand Dollars ($70,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month after the date hereof to and including January 1, 1975, and $343 monthly thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the

payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligations of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Govern-

ment shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith, is issued for the purpose of providing funds for financing costs of construction and acquisition of additions and extensions to the existing waterworks of the Borrower, and is payable solely from the revenues to be derived from the operation of such waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond and the Bonds of the issue and series of which this Bond is one are on a parity with the Water Revenue Bonds, Series 1972, of the Borrower issued in the aggregate principal amount of $213,000 pursuant to a Resolution adopted by the Public Service Board of the Borrower on January 7, 1972.

[CORPORATE SEAL]

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1
(Name of Borrower)

(Signature of Executive Official)

ATTEST:

(Title of Executive Official)

(Signature of Attesting Official)

(Post Office Box No. or Street Address)

Secretary, Public Service Board
(Title of Attesting Official)

Reedsville, West Virginia 26547
(City, State and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL _____

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE IV

COVENANTS OF DISTRICT

Section 4.1. Bond Proceeds; Project Construction Account. All moneys received from the sale of any or all the 1974 Bonds and the proceeds of said grant and all construction loans shall be deposited on receipt by the District in the Farmers' and Merchants' Bank, Morgantown, West Virginia, a member of Federal Deposit Insurance Corporation (FDIC) in a special account heretofore created and designated as "Preston County Public Service District No. 1 1974 Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and deposit in the Sinking Fund, not later than fifteen days prior to the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the 1974 Bonds on such interest payment date.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be promptly used to redeem or prepay the latest maturing 1974 Bonds and any residue shall be deposited in the Sinking Fund. The 1974 Bonds shall be subject to such redemption or prepayment without premium under the conditions stated in this paragraph.

Section 4.2. Covenants of 1972 Resolution Applicable; Increases in Sinking Fund, Reserve Account and Repair and Replacement Fund. The Board covenants that all covenants and provisions of the 1972 Resolution shall apply equally and ratably to the 1972 Bonds and the 1974 Bonds, and all payments, funds and accounts provided and established by the 1972 Resolution are hereby recognized and confirmed as applying to the 1974 Bonds, subject to the provisions hereof. Deposits to be made monthly into the Sinking Fund established by Section 3.02 (B) of the 1972 Resolution shall be of a sum equal to at least one-twelfth (1/12th) of the next maturing annual installment of principal and interest on all Bonds, subject to the provisions of Section 4.3 below.

The monthly deposits provided to be made into the Reserve Account established by Section 3.02 (B) of the 1972 Resolution shall be not less than one-twelfth of one-tenth of the maximum annual aggregate amount of principal and interest on all Bonds outstanding. No further deposits into said Reserve Account shall be required when there is, and so long as there remains on deposit, in the Reserve Account a sum equal to the maximum aggregate amount of principal and interest which will mature and become due on all Bonds outstanding in any year. Use of moneys in the Reserve Account for making payments on any of the Bonds or the interest thereon shall be for the equal benefit of the 1972 Bonds and the 1974 Bonds.

Monthly payments into the Depreciation Reserve established by Section 3.02 (B) of the 1972 Resolution shall be made as provided in the 1972 Resolution until moneys in such Depreciation Reserve equal and

are maintained at not less than $10,000. Funds on deposit in said Depreciation Reserve shall be transferred to the Sinking Fund to the extent required to eliminate any deficiency in the Sinking Fund.

Section 4.3. Payments of Principal and Interest While Government Holds All 1974 Bonds. So long as the Government holds or insures all the 1974 Bonds at any time outstanding, the District shall make the monthly payments of installments of principal and interest directly from the Revenue Fund to the Government at the address shown in the single, fully registered Bond, and shall not make payments for such principal and interest installments into the Sinking Fund.

Section 4.4. Tap Fees. Prior to issuance of the 1974 Bonds, the District shall have collected tap fees of $20 each from at least 292 bona fide customers of the waterworks as expanded by the Project, in the aggregate sum of not less than $5,840, all tap fees to be deposited in the Revenue Fund established by Section 3.02 (A) of the 1972 Resolution. At the time of delivery of the 1972 Bonds, the District had already collected and deposited $4,200 of such sum.

ARTICLE V

RATES, ETC.

Section 5.1. Rates, Charges and Rules. The rates, charges and rules provided in the 1972 Resolution shall apply initially, but shall be increased whenever necessary to comply with the covenants hereof and of the 1972 Resolution. ~~The rates, charges and rules are as follows:~~

ARTICLE VI

MISCELLANEOUS

Section 6.1. Resolutions Constitute Contract. The provisions of this Resolution, together with the provisions of the 1972 Resolution, as hereby supplemented, amended and provided, shall jointly constitute a contract between the District and the holders of the Bonds, and after the issuance of any of the 1974 Bonds no change, variation or alteration of any kind of the provisions of this Resolution or of the 1972 Resolution shall be made in any manner, except as herein and in the 1972 Resolution provided.

Section 6.2. Separability. If any section, paragraph, clause or provision of this Resolution shall be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution or of the Bonds or coupons, it being hereby declared that all the same are separable.

Section 6.3. Headings, etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 6.4. Filing Under Uniform Commercial Code. The District and the original purchaser of the Bonds shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia, and promptly thereafter the District shall file such Financing Statements in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Court of the aforesaid County. The Chairman of the Board is authorized and directed to execute such Financing Statements for the District.

Section 6.5. Sale of 1974 Bonds. The Secretary of the Board is hereby authorized and directed to cause notice for bids for the purchase

of all the 1974 Bonds, but not less than all, to be published at least once not less than five days prior to the date fixed for the receipt of bids, in a newspaper published and of general circulation in said County.

Section 6.6. Conflicting Provisions. All resolutions and orders or parts thereof in conflict with the provisions of this Resolution are to the extent of such conflict hereby repealed, provided, however, that the provisions of the 1972 Resolution shall apply as herein provided.

Section 6.7. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: September 13, 1974

Richard Hayes
Chairman of Public Service Board

Lena Swank
Secretary of Public Service Board and Member

Thomas [illegible]
~~Treasurer of~~ Public Service Board ~~and~~ Member

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 1995 A and Series 1995 B

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for This Resolution	1
Section 1.02	Findings and Determinations	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	4
ARTICLE II AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT		
Section 2.01	Authorization of Acquisition and Construction of the Project	9
ARTICLE III AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS		
Section 3.01	Authorization of Bonds	10
Section 3.02	Description of Bonds	10
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds	10
Section 3.04	Bond Registrar	11
Section 3.05	Execution of Bonds	11
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	11
Section 3.07	Bonds Secured by Pledge of Net Revenues	12
Section 3.08	Form of Bonds	12
	FORM OF 1995 A BOND	13
	FORM OF 1995 B BOND	19

ARTICLE IV
SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01	Establishment of Funds and Accounts with Depository Bank	25
Section 4.02	Bond Proceeds; Project Construction Account	25
Section 4.03	Covenants of the Issuer as to System Revenues and Funds	26
Section 4.04	Interim Construction Financing	30

ARTICLE V
GENERAL COVENANTS, ETC.

Section 5.01	General Statement	31
Section 5.02	Rates	31
Section 5.03	Sale of the System	31
Section 5.04	Issuance of Additional Parity Bonds or Obligatios	31
Section 5.05	Insurance and Bonds	31
Section 5.06	Statutory Mortgage Lien	33
Section 5.07	Events of Default	33
Section 5.08	Enforcement	33
Section 5.09	Fiscal Year; Budget	33
Section 5.10	Compensation of Members of Governing Body	34
Section 5.11	Covenant to Proceed and Complete	34
Section 5.12	Books and Records; Audits	34
Section 5.13	Maintenance of System	34
Section 5.14	No Competition	34

ARTICLE VI
RATES, ETC.

Section 6.01	Initial Schedule of Rates and Charges; Rules	35

ARTICLE VII
MISCELLANEOUS

Section 7.01	Payment of Bonds	36
Section 7.02	Modification or Amendment	36
Section 7.03	Delivery of Bonds	36
Section 7.04	Severability of Invalid Provisions	36
Section 7.05	Conflicting Provisions Repealed	36
Section 7.06	Table of Contents and Headings	36
Section 7.07	Covenant of Due Procedure, Etc.	37

Section 7.08	Effective Time	37
	SIGNATURES	37

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

RESOLUTION AUTHORIZING THE ISSUANCE OF $585,000 WATER REVENUE BOND, SERIES 1995 A, AND $1,190,000 WATER REVENUE BOND, SERIES 1995 B, OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1, ON A PARITY WITH THE OUTSTANDING WATER REVENUE BOND, SERIES 1972, AND WATER REVENUE BOND, SERIES 1974, OF THE DISTRICT, TO FINANCE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM AND ALL APPURTENANT FACILITIES IN THE DISTRICT; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITIES FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Preston County Public Service District No. 1 (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Preston County of said State, duly created pursuant to the Act by The County Commission of Preston County.

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

A. The Issuer now has a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of improvements and extensions to such existing waterworks facilities with all

appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain improvements and extensions to the existing waterworks facilities of the Issuer, consisting of a new 700 GPM water treatment plant, including raw water lines and discharge lines and waterline extensions into the areas of Gladesville, Stoney Run, Hilltop and Brauns Mill, including two storage tanks, a pump station and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, extensions or improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bonds (hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is $3,615,000 of which $1,775,000 will be obtained from the proceeds of sale of the Bonds herein authorized, $1,090,000 will be obtained from a grant from the Purchaser and $750,000 will be obtained from a grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

E. It is necessary for the Issuer to issue its water revenue bonds in the total aggregate principal amount of $1,775,000, in two series, being the 1995 A Bond (hereinafter defined), in the aggregate principal amount of $585,000 and the 1995 B Bond (hereinafter defined), in the aggregate principal amount of $1,190,000 (collectively, the "Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easemments and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized,

and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

F. The period of usefulness of the System after completion of the Project is not less than 40 years.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1972, dated October 11, 1972 (the "1972 Bond"), issued in the original aggregate principal amount of $213,000 and the Water Revenue Bond, Series 1974, dated September 13, 1974 (the "1974 Bond"), issued in the original aggregate principal amount of $70,000, all held by the Purchaser (as hereinafter defined). The 1972 Bond and the 1974 Bond are hereinafter collectively referred to as the "Prior Bonds." There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bonds as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, or any resolution or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid waiver thereof.

H. It is in the best interest of the Issuer that the Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated December 17, 1993, and all amendments thereto, if any (collectively, the "Letters of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds, or will have so complied prior to issuance of the Bonds, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bonds, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Bonds.

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

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"1995 A Bond" means the Water Revenue Bond, Series 1995 A, authorized hereby to be issued pursuant to this Bond Legislation.

"1995 B Bond" means the Water Revenue Bond, Series 1995 B, authorized hereby to be issued pursuant to this Bond Legislation.

"1974 Bond" means the outstanding Water Revenue Bond, Series 1974, of Issuer described in Section 1.02G hereof.

"1972 A Bond" means the outstanding Water Revenue Bond, Series 1972, of the Issuer described in Section 1.02G hereof.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Bonds" means, collectively, the 1995 A Bond and the 1995 B Bond.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Thrasher Engineering, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means Bruceton Bank, Reedsville, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Governing Body" means the Public Service Board of the Issuer.

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

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Preston County Public Service District No. 1, in Preston County, West Virginia, and includes the Governing Body.

"Letters of Conditions" means, collectively, the Letters of Conditions of the Purchaser dated December 17, 1993, and all amendments thereto, if any.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that all monthly amortization payments upon the Bonds and the Prior Bonds and into the Reserve Account and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the 1972 Bond and the 1974 Bond of the Issuer described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the 1972 Resolution and the 1974 Resolution, all hereinafter defined.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Economic and Community Development, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor, must have (or its agent must have) possession of such collateral, and such collateral must be free of all claims by third parties;

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

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

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

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

"Resolutions" means, collectively, the 1972 Resolution, the 1974 Resolution and the Bond Legislation.

"1972 Resolution" means the resolution of the Issuer adopted January 7, 1972, authorizing the 1972 Bond.

"1974 Resolution" means the resolution of the Issuer adopted September 13, 1974, authorizing the 1974 Bond.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"System" means the existing waterworks of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $3,615,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Bonds of the Issuer, to be known as "Water Revenue Bond, Series 1995 A" and "Water Revenue Bond, Series 1995 B," are hereby authorized to be issued in the respective principal amounts of $585,000 and $1,190,000 for a total aggregate principal amount of not exceeding $1,775,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. A. The 1995 A Bond shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The 1995 A Bond shall bear interest from the date of delivery, payable monthly at the rate of 5.25% per annum, and shall be sold for the par value thereof.

B. The 1995 B Bond shall be issued in single form, numbered BR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The 1995 B Bond shall bear interest from the date of delivery, payable monthly at the rate of 4.50% per annum, and shall be sold for the par value thereof.

The Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bonds, and the right to principal of and stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Bonds shall have matured or be about to mature, instead of

issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds shall be secured forthwith equally and on a parity with each other by a first lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds, all on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF 1995 A BOND)

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

WATER REVENUE BOND, SERIES 1995 A

$585,000

No. AR-1 Date: September 19, 1995

FOR VALUE RECEIVED, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FIVE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS ($585,000), plus interest on the unpaid principal balance at the rate of 5.25% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $2,966.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of

authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

This Bond is issued on a parity as to liens, pledge and source of and security for payment, and in all other respects, with the 1972 Bond, the 1974 Bond and the 1995 B Bond, all defined and described in said Resolution.

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 322
P. O. Box No. or Street Address)

Arthurdale, West Virginia 26520
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF 1995 B BOND)

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

WATER REVENUE BOND, SERIES 1995 B

$1,190,000

No. BR-1 Date: September 19, 1995

FOR VALUE RECEIVED, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION ONE HUNDRED NINETY THOUSAND DOLLARS ($1,190,000), plus interest on the unpaid principal balance at the rate of 4.50% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $5,463.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of

authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

This Bond is issued on a parity as to liens, pledge and source of and security for payment, and in all other respects, with the 1972 Bond, the 1974 Bond and the 1995 A Bond, all defined and described in said Resolution.

IN WITNESS WHEREOF, PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1 has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

PRESTON COUNTY PUBLIC SERVICE
DISTRICT NO. 1
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 322
P. O. Box No. or Street Address)

Arthurdale, West Virginia 26520
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or continued if previously established by the 1972 Resolution and continued by the 1974 Resolution), and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the 1972 Resolution and continued by the 1974 Resolution);

(2) Reserve Account (established by the 1972 Resolution and continued by the 1974 Resolution);

(3) Depreciation Reserve (established by the 1972 Resolution and continued by the 1974 Resolution); and

(4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the 1972 Resolution and the 1974 Resolution not otherwise modified herein:

(i) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(ii) The Issuer shall next, on or before the due date of payment of each installment on the Bonds and the Prior Bonds, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bonds and the Prior Bonds (or such other place as may be provided pursuant to the Bonds and the Prior Bonds), the amounts required to pay the interest on the Bonds and the Prior Bonds, and to amortize the principal of the Bonds and the Prior Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Bonds and the Prior Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(iii) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund

and remit to the Depository Bank for deposit in the Reserve Account, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum aggregate amount of principal and interest becoming due on the Bonds and the Prior Bonds in any year, until the amount in the Reserve Account equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Account, the Issuer shall monthly deposit into the Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and the Prior Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds and the Prior Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds and the Prior Bonds, or for mandatory prepayment of the Bonds and the Prior Bonds as hereinafter provided, and for no other purpose, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Account all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund.

(iv) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve, the moneys remaining in the Revenue Fund until there has been accumulated in the Depreciation Reserve the aggregate sum of $150,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds and the Prior Bonds as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(v) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any ("Surplus Revenues"), may be used to prepay installments of the Bonds and the Prior Bonds, pro rata, or for any lawful purpose.

Whenever the money in the Reserve Account shall be sufficient to prepay the Bonds and the Prior Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds and the Prior Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Account and the Depreciation Reserve, as herein provided, and all amounts required for the Reserve Account and the Depreciation Reserve will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section other than the Project Construction Account shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the Prior Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Subject to the Prior Resolutions, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Government Obligations having maturities not exceeding two years. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. 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 interest accruing

thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Subject to the Prior Resolutions, earnings upon moneys in the Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Depository Bank.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bonds, provide evidence that there will be at least 1,062 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

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

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

H. GROSS REVENUES. The Gross Revenues of the System shall only be used for purposes of the System.

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $500,000. The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into the Credit Agreement, dated September 19, 1995, with Bruceton Bank, Reedsville, West Virginia. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Credit Agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bond or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Bonds.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and the Prior Bonds and sufficient to make the payments required herein into the Reserve Account and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the

interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or

cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the statutory mortgage lien in favor the Holders of the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bonds and shall be for the equal benefit of the Bonds and the Prior Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual

Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. 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 the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bonds are outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on March 14, 1995 (and deemed final on April 3, 1995), Case No. 94-0296-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bonds, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Bondholder.

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bonds.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: September 19, 1995.

Chairman of Public Service Board

Member

Member

09/14/95
PROCO1AJ.A3
723810/94001

PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1

Water Revenue Bonds, Series 1972;
Water Revenue Bonds, Series 1974;
Water Revenue Bonds, Series 1995 A; and
Water Revenue Bonds, Series 1995 B
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING FOR THE ESTABLISHMENT OF RESERVE ACCOUNTS FOR THE SERIES 1972 BONDS, SERIES 1974 BONDS, SERIES 1995 A BONDS, AND SERIES 1995 B BONDS, TRANSFER OF FUNDS ACCORDINGLY, AND AMENDMENT OF PRIOR RESOLUTIONS TO EFFECT SUCH TRANSFER AND MODIFICATION THEREOF

WHEREAS, Preston County Public Service District No. 1 (the "Issuer") has previously issued its Water Revenue Bonds, Series 1972 (United States Department of Agriculture), dated October 11, 1972, issued in the original aggregate principal amount of $213,000 (the "Series 1972 Bonds"), and held by the United States Department of Agriculture (the "Purchaser").

WHEREAS, the Issuer has previously issued its Water Revenue Bonds, Series 1974 (United States Department of Agriculture), dated September 13, 1974, issued in the original aggregate principal amount of $70,000 (the "Series 1974 Bonds"), and held by the Purchaser.

WHEREAS, the Issuer has previously issued its Water Revenue Bonds, Series 1995 A (United States Department of Agriculture), dated September 19, 1995, issued in the original aggregate principal amount of $585,000 (the "Series 1995 A Bonds"), and held by the Purchaser.

WHEREAS, the Issuer has previously issued its Water Revenue Bonds, Series 1995 B (United States Department of Agriculture), dated September 19, 1995,

issued in the original aggregate principal amount of $1,190,000 (the "Series 1995 B Bonds"), and held by the Purchaser.

WHEREAS, the Bond Resolutions authorizing the Series 1972 Bonds, the Series 1974 Bonds, the Series 1995 A Bonds, and the Series 1995 B Bonds are collectively known as the Prior Resolutions.

WHEREAS, the following special funds or accounts have been created and established by Prior Resolutions and held by Clear Mountain Bank, Reedsville, West Virginia, as the Depository Bank (hereinafter, the "Depository Bank").

(1) Revenue Fund;

(2) Series 1995 Reserve Account; and

(3) Depreciation Reserve.

WHEREAS, the following special funds or accounts have been created by Prior Resolutions and held at the West Virginia Municipal Bond Commission (the "Commission");

(1) Series 1972 Bonds Sinking Fund;

(2) Series 1972 and Series 1974 Reserve Account; and

(3) Series 1972 and Series 1974 Depreciation Reserve.

WHEREAS, the Series 1995 A Bonds are secured by a reserve account pledged for the payment of principal of and interest on the Series 1995 A Bonds (hereinafter, the "Series 1995 A Bonds Reserve Account"), which account is, pursuant to the resolution of the Issuer authorizing the Series 1995 A Bonds, held by the Depository Bank;

WHEREAS, the Series 1995 B Bonds are secured by a reserve account pledged for the payment of principal of and interest on the Series 1995 B Bonds (hereinafter, the "Series 1995 B Bonds Reserve Account"), which account is, pursuant to the resolution of the Issuer authorizing the Series 1995 B Bonds, held by the Depository Bank;

WHEREAS, the Purchaser has requested that the Series 1972 Bonds, the Series 1974 Bonds, the Series 1995 A Bonds and the Series 1995 B Bonds each have

separate and distinct reserve accounts and that the Issuer transfer the monies in the Series 1995 A Bonds Reserve Account and the Series 1995 B Bonds Reserve Account from the Depository Bank to the Commission;

WHEREAS, the Prior Resolutions provides for amendments by supplemental resolution with the prior written consent of the Purchaser and such consent has been received by the Issuer; and

WHEREAS, the Issuer deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted,

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF PRESTON COUNTY PUBLIC SERVICE DISTRICT NO. 1:

Section 1. The Prior Resolutions are amended, as necessary, to reflect the following:

A. The following special funds or accounts are created and established with (or continued if previously established by Prior Resolutions) and shall be held by the Depository Bank separate and distinct from all other funds or accounts of the Depository Bank and from each other.

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

(2) Renewal and Replacement Fund (established by Prior Resolutions as Depreciation Reserve and hereby renamed and continued).

B. The following special funds or accounts are hereby created (or continued if previously established by Prior Resolutions) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other.

(1) Series 1972 Bonds Sinking Fund (established by Prior Resolution and continued hereby);

(2) Series 1972 Bonds Reserve Account (established as Series 1972 and Series 1974 Reserve Account by Prior Resolutions and hereby renamed and continued);

(3) Series 1974 Bonds Reserve Account;

(4) Series 1995 A Bonds Reserve Account; and

(5) Series 1995 B Bonds Reserve Account.

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

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

(2) The Issuer shall next, each month, on or before the due date, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amounts required by the Prior Resolutions to pay interest on the Series 1972 Bonds, and (ii) remit to the National Finance Office the amounts required by Prior Resolutions to pay interest on the Series 1974 Bonds, Series 1995 A Bonds and the Series 1995 B Bonds.

(3) The Issuer shall next, each month, on or before the due date, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amounts required by the Prior Resolutions to pay principal on the Series 1972 Bonds, and (ii) remit to the National Finance Office the amounts required by Prior Resolutions to pay principal on the Series 1974 Bonds, Series 1995 A Bonds and the Series 1995 B Bonds.

(4) The Issuer shall next, each month, on or before the due date, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 1972 Bonds, Series 1974 Bonds, Series 1995 A Bonds and the Series 1995 B Bonds.

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

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installment of the Bonds, pro rata, or for any lawful purpose of the system.

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

E. The Commission is designated as the Fiscal Agent for the administration of the Series 1972 Bonds Reserve Account, Series 1974 Bonds Reserve Account, Series 1995 A Bonds Reserve Account, and Series 1995 B Bonds Reserve Account as herein provided, and all amounts required for the Series 1972 Bonds Reserve Account, Series 1974 Bonds Reserve Account, Series 1995 A Bonds Reserve Account, and Series 1995 B Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

F. Moneys in the Series 1972 Bonds Reserve Account, Series 1974 Bonds Reserve Account, Series 1995 A Bonds Reserve Account, and Series 1995 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

G. Earnings from moneys in Series 1972 Bonds Reserve Account, Series 1974 Bonds Reserve Account, Series 1995 A Bonds Reserve Account, and Series 1995 B Bonds Reserve Account, so long as the amounts required by Prior Resolutions for each reserve account are on deposit in such account and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

H. The Issuer shall remit from the Revenue Fund to the Commission such additional sums as shall be necessary to pay the charges and fees of the Commission then due.

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

Section 2. Transfer of Funds.

A. Series 1995 A Bonds Reserve Account. In connection with the Series 1995 A Bonds Reserve Account, (i) $6,380 shall be deposited from the Series 1995 Reserve Account at the Depository Bank to the Commission; and (ii) $3,918 shall be transferred from the Series 1972 and Series 1974 Depreciation Reserve previously established at the Commission and shall be deposited with the Commission in the Series 1995 A Bonds Reserve Account, all to partially fund the Series 1995 A Bonds Reserve Account as shown on Exhibit A attached hereto.

B. Series 1995 B Bonds Reserve Account. In connection with the Series 1995 B Bonds Reserve Account, (i) $11,751 shall be deposited from the Series 1995 Reserve Account at the Depository Bank to the Commission; and (ii) $7,216 shall be transferred from the Series 1972 and Series 1974 Depreciation Reserve previously established at the Commission and shall be deposited with the Commission in the Series 1995 B Bonds Reserve Account, all to partially fund the Series 1995 B Bonds Reserve Account as shown on Exhibit A attached hereto.

C. Series 1974 Bonds Reserve Account. In connection with the Series 1974 Bonds Reserve Account, $4,116 shall be transferred from the renamed Series 1972 Bonds Reserve Account at the Commission and shall be deposited with the

Commission in the Series 1974 Bonds Reserve Account, which is sufficient to fully fund the Series 1974 Bonds Reserve Account to the amount required by the Prior Resolutions.

D. Series 1972 Bonds Reserve Account. In connection with the Series 1972 Bonds Reserve Account, an amount of at least $12,650 shall remain in the renamed Series 1972 Bonds Reserve Account at the Commission, which is sufficient to fully fund the Series 1972 Bonds Reserve Account to the amount required by the Prior Resolutions.

E. If after these transfers any moneys remain in the Series 1995 Reserve Account at the Depository Bank, they shall be transferred to the Renewal and Replacement Fund held at the Depository Bank.

Section 3. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Left Blank]

Adopted this 26th day of June, 2007.

PRESTON COUNTY PUBLIC
SERVICE DISTRICT NO. 1

Randolph W. DeBrase
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Preston County Public Service District No. 1 on this 26th day of June, 2007.

Dated: June 26, 2007.

[SEAL]

Secretary

723810.00001

EXHIBIT A

(See Attached)

Preston County PSD #1
Funding Reserves
at
Municipal Bond Commission

June 26, 2007

Reserves currently at Clear Mountain Bank

	Reserve Requirement	From MBC Dep. Reserve	From Dep Bank	From 2007 A proceeds	Total
1995 A Reserve	35,592.00	3,918.00	6,380.00	25,294.00	35,592.00
1995 B Reserve	65,556.00	7,216.00	11,751.00	46,589.00	65,556.00
Totals	101,148.00	11,134.00	18,131.00	71,883.00	101,148.00

Reserves currently at Municipal Bond Commission

	Reserve Requirement	From MBC Reserve	From Dep Bank	From 2007 A proceeds	Total
1972 Reserve	12,650.00	12,650.00	0.00	0.00	12,650.00
1974 Reserve	4,116.00	4,116.00	0.00	0.00	4,116.00
Totals	16,766.00	16,766.00	0.00	0.00	16,766.00

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

Date of Report: June 26, 2007

ISSUE: Preston County Public Service District No. 1 Water Revenue Bonds, Series 1972 (United States Department of Agriculture)

ADDRESS: Post Office Box 322 , Arthurdale, WV

COUNTY: Preston

PURPOSE OF ISSUE: New Money: X (1972)
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: October 11, 1972

CLOSING DATE: October 11, 1972

ISSUE AMOUNT: $ 213,000

RATE: 5%

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE: NA

1ST DEBT SERVICE AMOUNT: $NA

PAYING AGENT: _____

BOND
COUNSEL: Steptoe & Johnson PLLC
Contact Person: John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS
COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joyce Myers
Position: Manager
Phone: 304.864.3014

OTHER: United States Department of Agriculture
Contact Person Joe Crickenberger
Function: Rural Development Specialist
Phone: 304.636.2158

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check
____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Reserve Account: $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
X IGT
(72 & 74 Reserve)

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
X To Other: 1972 Reserve $ 12,650.00

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 1972 Bonds Reserve Account

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH898328.1

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

Date of Report: June 26, 2007

ISSUE: Preston County Public Service District No. 1 Water Revenue Bonds, Series 1974 (United States Department of Agriculture)

ADDRESS: Post Office Box 322 , Arthurdale, WV

COUNTY: Preston

PURPOSE OF ISSUE: New Money: X (1974)
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: September 13, 1974

CLOSING DATE: September 13, 1974

ISSUE AMOUNT: $ 70,000

RATE: _____

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE: NA

1ST DEBT SERVICE AMOUNT: $NA

PAYING AGENT: _____

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joyce Myers
Position: Manager
Phone: 304.864.3014

OTHER: United States Department of Agriculture
Contact Person Joe Crickenberger
Function: Rural Development Specialist
Phone: 304.636.2158

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check
____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Reserve Account: $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
X IGT
(72 & 74 Reserve)

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
X To Other: 1974 Reserve $4,116.00

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 1974 Bonds Reserve Account

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH898328.1

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

Date of Report: June 26, 2007

ISSUE: Preston County Public Service District No. 1 Water Revenue Bonds, Series 1995 A (United States Department of Agriculture)

ADDRESS: Post Office Box 322 , Arthurdale, WV

COUNTY: Preston

PURPOSE OF ISSUE: New Money: X (1995)
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: September 19, 1995

CLOSING DATE: September 19, 1995

ISSUE AMOUNT: $ 585,000

RATE: 5.25%

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE: NA

1ST DEBT SERVICE AMOUNT: $NA

PAYING AGENT: _____

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joyce Myers
Position: Manager
Phone: 304.864.3014

OTHER: United States Department of Agriculture
Contact Person Joe Crickenberger
Function: Rural Development Specialist
Phone: 304.636.2158

DEPOSITS TO MBC AT CLOSE:

By:			
____ Wire	____ Accrued Interest:	$_____	
	____ Capitalized Interest:	$_____	
X Check	X Reserve Account:	$ 6,380.00	
X Check	X Reserve Account:	$ 25,294.00	(on 7/12/07)

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:		
_____ Wire	____ To Escrow Trustee:	$_____
_____ Check	____ To Issuer	$_____
X IGT	____ To Cons. Invest. Fund	$_____
(Depreciation Reserve)	X To Other: Reserve	$ 3,918.00

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 1995 A Bonds Reserve Account

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH898328.1

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

Date of Report: June 26, 2007

ISSUE: Preston County Public Service District No. 1 Water Revenue Bonds, Series 1995 B (United States Department of Agriculture)

ADDRESS: Post Office Box 322 , Arthurdale, WV

COUNTY: Preston

PURPOSE OF ISSUE: New Money: X (1995)
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: September 19, 1995

CLOSING DATE: September 19, 1995

ISSUE AMOUNT: $ 1,190,000

RATE: 4.5%

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE: NA

1ST DEBT SERVICE AMOUNT: NA

PAYING AGENT: _____

BOND
COUNSEL: Steptoe & Johnson PLLC
Contact Person: John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS
COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: _____
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joyce Myers
Position: Manager
Phone: 304.864.3014

OTHER: United States Department oAgriculture
Contact Person Joe Crickenberger
Function: Rural Development Specialist
Phone: 304.636.2158

DEPOSITS TO MBC AT CLOSE:

By:			
____	Wire	____ Accrued Interest:	$_____
		____ Capitalized Interest:	$_____
X	Check	X Reserve Account:	$ 11,751.00
X	Check	X Reserve Account:	$ 46,589.00 (on 7/12/07)

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:			
____	Wire	____ To Escrow Trustee:	$_____
____	Check	____ To Issuer	$_____
X	IGT	____ To Cons. Invest. Fund	$_____
	(Depreciation Reserve)	X To Other: Reserve	$ 7,216.00

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 1995 B Bonds Reserve Account

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

PRODUCER
Insurance Centers Inc
PO Box 878
Morgantown, WV 26507

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: National Union Fire Insurance Co. of Pittsburgh	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

INSURED
Preston County PSD Number 1
PO Box 322
Arthurdale, WV 26520

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR X WRONGFUL ACTS X PROFESSIONAL GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	2655	July 1, 2006	July 1, 2007	EACH OCCURRENCE	$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
						MED EXP (Any one person)	$ Not Applicable
						PERSONAL & ADV INJURY	$
						GENERAL AGGREGATE	$ No Aggregate
						PRODUCTS - COMP/OP AGG	$ No Aggregate
						Fire Legal	100,000
A		AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	2655	July 1, 2006	July 1, 2007	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
						BODILY INJURY (Per person)	$
						BODILY INJURY (Per accident)	$
						PROPERTY DAMAGE (Per accident)	$
A		GARAGE LIABILITY X ANY AUTO	2655	July 1, 2006	July 1, 2007	AUTO ONLY - EA ACCIDENT	$ 1,000,000
						OTHER THAN AUTO ONLY: EA ACC	$ 1,000,000
						AGG	$ Not Applicable
		EXCESS/UMBRELLA LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE	$
						AGGREGATE	$
							$
							$
							$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS / OTH-ER	
						E.L. EACH ACCIDENT	$
						E.L. DISEASE - EA EMPLOYEE	$
						E.L. DISEASE - POLICY LIMIT	$
A		OTHER Automobile Physical Damage	2655	July 1, 2006	July 1, 2007	ACV Less $1,000 deductible	
A		Stop Gap	2655	July 1, 2006	July 1, 2007	1,000,000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

A $2500 per occurence deductible applies to all liability coverage.

West Virginia Water Development Authority is additional insured

CERTIFICATE HOLDER

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

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED AGENT
Suzanne Frankenberry

AUTHORIZED REPRESENTATIVE

© ACORD CORPORATION 198

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

RECEIVED

JUL 31 2006

JEANNIE FRANKENBERRY

CERTIFICATE OF LIABILITY INSURANCE

ADDITIONAL INSURED: PRESTON COUNTY PSD NUMBER 1
P. O. BOX 322
ARTHURDALE, WV 26520

CERTIFICATE NO: L 2655 - Apr 1, 1987

This certifies that the insured named above is an Additional Insured for the Coverage indicated below under General Liability Policy GL 4006069 and Automobile Policy CA 3853305 issued to the State of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

COVERAGE PERIOD: Jul 1, 2006 to Jul 1, 2007 12:01 a.m. Eastern Time

COVERAGE AFFORDED: Comprehensive General Liability Insurance
Personal Injury Liability Insurance
Professional Liability Insurance
Stop Gap Liability Insurance
Wrongful Act Liability Coverage
Comprehensive Auto Liability Coverage
Auto Physical Damage Insurance
Garagekeepers Insurance

LIMIT OF LIABILITY: $1,000,000 each occurence* and is SUBJECT TO $2,500 DEDUCTIBLE. *For all coverages combined. This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

SPECIAL LIMITS: The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of $1,000.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W.Suite 203
South Charleston, West Virginia 25303

Claims Made Prior Acts Date: April 1, 1987

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS IN THE POLICIES. IT IS A CONDITION PRECEDENT OF COVERAGE UNDER THE POLICIES THAT THE ADDITIONAL INSURED DOES NOT WAIVE ANY STATUTORY OR COMMON LAW IMMUNITY CONFERRED UPON IT.

BY: _____ DATED: June 22, 2006
AUTHORIZED REPRESENTATIVE

AGENT OF RECORD: INSURANCE CENTERS INC.
KINGWOOD INSURANCE CENTER
P.O. BOX 710
KINGWOOD, WV 26537

ACORD CERTIFICATE OF PROPERTY INSURANCE

PRODUCER
Insurance Centers Inc
PO Box 878
Morgantown, WV 26507

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY A: Westchester Fire Insurance Company

COMPANY B: The Hartford Steam Boiler Inspection and Insurance Co.

COMPANY C:

COMPANY D:

INSURED
Preston County PSD Number 1
PO Box 322
Arthurdale, WV 26520

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	COVERED PROPERTY	LIMITS
A	[X] PROPERTY CAUSES OF LOSS [ ] BASIC [ ] BROAD [X] SPECIAL Manuscript [ ] EARTHQUAKE [ ] FLOOD	2655	July 1, 2006	July 1, 2007	[ ] BUILDING [ ] PERSONAL PROPERTY [X] BUSINESS INCOME [X] EXTRA EXPENSE [ ] BLANKET BUILDING [ ] BLANKET PERS PROP [X] BLANKET BLDG & PP	$ $ $ 12 Months $ 12 Months $ $ $ * $ $
	[ ] INLAND MARINE TYPE OF POLICY CAUSES OF LOSS [ ] NAMED PERILS [ ] OTHER		July 1, 2006	July 1, 2007		$ $ $ $ $ $
A	[X] CRIME TYPE OF POLICY Employee Dishonesty	2655	July 1, 2006	July 1, 2007		$ 2,000,000.00 $ $
B	[X] BOILER & MACHINERY	2655	July 1, 2006	July 1, 2007		$ $ 1,000,000.00
	[ ] OTHER					

LOCATION OF PREMISES/DESCRIPTION OF PROPERTY

SPECIAL CONDITIONS/OTHER COVERAGES
* Coverage is written on replacement cost subject to values reported to the Board of Risk and Insurance Managment.
* A $2500 per occurence deductible applies to each loss.

West Virginia Water Development Authority is additional insured

CERTIFICATE HOLDER

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

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED AGENT
Veronica Franklin Cleary

AUTHORIZED REPRESENTATIVE

© ACORD CORPORATION 1995

CERTIFICATE OF PROPERTY INSURANCE

PROCESSED

JUL 31 2006

JEANNIE FRANKENBERRY

INSURED: PRESTON COUNTY PSD NUMBER 1

P. O. BOX 322
ARTHURDALE, WV 26520

CERTIFICATE NO: P 2655 - Apr 1, 1987

This certifies that the Additional Insured named above is insured for first party Property Coverages procured and/or administered by the West Virginia Board of Risk and Insurance Management (BRIM). The coverages are provided through a combination of custom designed and conventional commercial insurance products.

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS CONTAINED IN THE POLICIES.

COVERAGE PERIOD: Jul 1, 2006 to Jul 1, 2007 12:01 a.m. Eastern Time

LIMIT OF LIABILITY: Stated values, for real and personal property, which have been declared to and accepted by BRIM, not to exceed the maximum coverage procured by BRIM.

THIS POLICY DOES NOT COVER DAMAGE FROM FLOOD. FOR INFORMATION ABOUT FLOOD INSURANCE, CONTACT THE NATIONAL FLOOD INSURANCE PROGRAM OR YOUR INSURANCE AGENT.

SPECIAL LIMITS: Each policy shall be governed by the special limits of liability contained therein.

DEDUCTIBLE: The State of West Virginia has a $1,000,000.00 deductible on coverages it procures. The above listed insured has a $2,500 deductible that is applicable to each loss.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W.Suite 203
South Charleston, West Virginia 25303

BY: Bob H. Mitz
AUTHORIZED REPRESENTATIVE

DATED: June 22, 2006

AGENT OF RECORD: INSURANCE CENTERS INC.
KINGWOOD INSURANCE CENTER
P.O. BOX 710
KINGWOOD, WV 26537

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

BOB WISE
GOVERNOR

October 22, 2004

The Honorable L. Darwin Wolfe
President
Preston County Commission
Room 101
101 West Main Street
Kingwood, West Virginia 26537

Dear Commissioner Wolfe:

Thank you for your application to the Small Cities Block Grant Program. Your request has been approved in the amount of $1,402,700. These funds will enable the Preston County Public Service District #1 to extend water service to the Route 33, Route 92, and a portion of Route 25 areas of Preston County.

In order to effectively use the limited dollars available, I hereby commit $302,700 from our fiscal year 2004 allocation that will immediately be available to you. The remaining $1,100,000 necessary to complete the project will be evaluated and committed in a future year allocation. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

Please contact Mrs. Pamela King of the West Virginia Development Office, at (304) 558-4010, to complete the necessary contract in order to proceed with your project.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of Preston County.

Very truly yours,

Bob Wise

Bob Wise
Governor

BW:anm

® GCIU 325-C