BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2002 C
(West Virginia SRF Program),
Sewer Revenue Bonds, Series 2002 D
(West Virginia Water Development Authority) and
Sewer Revenue Bonds, Series 2002 E
(West Virginia Water Development Authority)

BOND RESOLUTION

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BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $36,026,287 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 C (WEST VIRGINIA SRF PROGRAM), SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); AND SEWER REVENUE BONDS, SERIES 2002 E (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT:

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 22C, Article 2 and Chapter 22C, Article 1 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. Berkeley County Public Service Sewer District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Berkeley County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public sewerage system of the Issuer, consisting of approximately 560,000 linear feet of sewage collection lines, known as the Inwood Sewer Project-Phase IIA, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority") pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the total aggregate principal amount of not more than $36,026,287, in the three series, being the Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program), in the aggregate principal amount of $30,500,000 (the "Series 2002 C Bonds"), the Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority), in the aggregate principal amount of $4,965,456 (the "Series 2002 D Bonds") and the Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority), in the aggregate principal amount of $560,822 (the "Series 2002 E Bonds"), to permanently finance the costs of acquisition and construction of the Project (collectively, the "Series 2002 Bonds"). Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the respective 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, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2002 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of acquisition and construction of the Project, 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 2002 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 the Series 2002 C Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "SRF Agreement"), approved hereby if not previously approved by resolution of the Issuer and that the Series 2002 D Bonds and Series 2002 E Bonds be sold to the Authority pursuant to the terms and provisions of the respective loan agreements by and between the Issuer and the Authority (respectively, the "WDA 2002 D Loan Agreement," and the "WDA 2002 E Loan Agreement").

G. There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2002 Bonds as to liens, pledge and source of and security for payment, which obligations are designated and have the lien positions with respect to the Series 2002 Bonds as follows:

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	Designation	Lien Position
1.	Sewer Revenue Bonds, Series 1986 B, dated March 7, 1986, issued in the original aggregate principal amount $1,638,194 (the "Series 1986 B Bonds")	First Lien
2.	Sewer Revenue Bonds, Series 1990 A, dated May 3, 1990, issued in the original aggregate principal amount of $828,629 (the "Series 1990 A Bonds")	First Lien
3.	Sewer Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), dated October 5, 1994, issued in the original aggregate principal amount of $494,288 (the "Series 1994 A Bonds")	First Lien
4.	Sewer Revenue Bonds, Series 1994 C (West Virginia SRF Program), dated November 17, 1994, issued in the original aggregate principal amount of $2,772,879 (the "Series 1994 C Bonds")	First Lien
5.	Sewer Revenue Bonds, Series 1995 A (West Virginia SRF Program), dated February 9, 1995, issued in the original aggregate principal amount of $3,837,640 (the "Series 1995 A Bonds")	First Lien
6.	Sewer Revenue Bonds, Series 1995 B (West Virginia SRF Program), dated December 29, 1995, issued in the original aggregate principal amount of $2,138,506 (the "Series 1995 B Bonds")	First Lien
7.	Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), dated February 13, 1996, issued in the original aggregate principal amount of $319,902 (the "Series 1996 A Bonds")	First Lien
8.	Sewer Revenue Bonds, Series 1996 B (West Virginia SRF Program), dated May 1, 1996, issued in the original aggregate principal amount of $2,628,633 (the "Series 1996 B Bonds")	First Lien
9.	Sewer Revenue Bonds, Series 1996 C (West Virginia SRF Program), dated May 1, 1996, issued in the original aggregate principal amount of $837,579 (the "Series 1996 C Bonds")	First Lien
10.	Sewer Revenue Bonds, Series 1996 D, dated June 15 1996, issued in the original aggregate principal amount of $4,770,000 (the "Series 1996 D Bonds")	First Lien

	Designation	Lien Position
11.	Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated June 12, 1997, issued in the original aggregate principal amount of $148,000 (the "Series 1997 A Bonds")	First Lien
12.	Sewer Revenue Bonds, Series 1997 B (West Virginia SRF Program), dated December 11, 1997, issued in the original aggregate principal amount of $1,250,000 (the "Series 1997 B Bonds")	First Lien
13.	Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated October 28, 1999, issued in the original aggregate principal amount of $30,707,296 (the "Series 1999 A Bonds")	First Lien
14.	Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated May 25, 2000, issued in the original aggregate principal amount of $937,500 (the "Series 2000 A Bonds")	First Lien
15.	Sewer Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated March 30, 2001, issued in the original aggregate principal amount of $429,000 (the "Series 2001 A Bonds")	First Lien
16.	Sewer Revenue Bonds, Series 2001 B (West Virginia SRF Program), dated August 7, 2001, issued in the original aggregate principal amount of $2,909,850 (the "Series 2001 B Bonds")	First Lien
17.	Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), dated May 9, 2002, issued in the original aggregate principal amount of $750,000 (the "Series 2002 A Bonds").	First Lien
18.	Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated July 11, 2002, issued in the original aggregate principal amount of $456,548 (the "Series 2002 B Bonds").	First Lien
19.	Sewer Revenue Bonds, Series 1990 B, dated May 3, 1990, issued in the original aggregate principal amount of $38,669 (the "Series 1990 B Bonds")	Second Lien

	Designation	Lien Position
20.	Sewer Revenue Bonds, Series 1994 B, dated December 1, 1994, issued in the original aggregate principal amount of $1,500,000 (the "Series 1994 B Bonds")	Third Lien
21.	Sewerage System Bond Anticipation Notes, Series 1999 A (West Virginia Infrastructure Fund), dated October 28, 1999, issued in the original aggregate principal amount of $2,000,000 (the "Notes")	Fourth Lien

The Series 1986 B Bonds, the Series 1990 A Bonds, the Series 1994 A Bonds, the Series 1994 C Bonds, the Series 1995 A Bonds, the Series 1995 B Bonds, the Series 1996 A Bonds, the Series 1996 B Bonds, the Series 1996 C Bonds, the Series 1996 D Bonds, the Series 1997 A Bonds, the Series 1997 B Bonds, the Series 1999 A Bonds, the Series 2000 A Bonds, the Series 2001 A Bonds, the Series 2001 B Bonds, the Series 2002 A Bonds and Series 2002 B Bonds are hereinafter collectively called the "First Lien Bonds"; the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds"; the Series 1994 B Bonds are hereinafter called the "Third Lien Bonds"; and the Notes are hereinafter called the "Fourth Lien Bonds." The First Lien Bonds, the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2002 Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage and parity requirements for issuance of parity bonds of the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2002 Bonds, the Issuer will obtain the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met, the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2002 Bonds on a parity with the First Lien Bonds and the written consent of the Holders of the Second Lien Bonds and the Fourth Lien Bonds to the issuance of the Series 2002 Bonds on a senior and prior basis to the Second Lien Bonds and the Fourth Lien Bonds. Prior to the issuance of the Series 2002 Bonds, the Issuer will provide written notice to the Holders of the Third Lien Bonds regarding the issuance of the Series 2002 Bonds on a senior and prior basis to the Third Lien Bonds, there being no consent requirement. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law, the Loan Agreements relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2002 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 hereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity, if necessary, 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 2002 Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2002 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 2002 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 22C, Article 2 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2002 Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"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 2002 C Bonds, the Series 2002 D Bonds and the Series 2002 E Bonds, the First Lien Bonds, and 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.

"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 2002 Bonds for all or a portion of the proceeds of the Series 2002 Bonds 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.

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

"Consulting Engineers" means Chester Engineers, Inc., Gaithersburg, Maryland, 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.

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

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

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

"First Lien Bonds" means, collectively, the Series 1986 B Bonds, the Series 1990 A Bonds, the Series 1994 A Bonds, the Series 1994 C Bonds, the Series 1995 A Bonds, the Series 1995 B Bonds, the Series 1996 A Bonds, the Series 1996 B Bonds, the Series 1996 C Bonds, the Series 1996 D Bonds, the Series 1997 A Bonds, the Series 1997 B Bonds, the Series 1999 A Bonds, the Series 2000 A Bonds, the Series 2001 A Bonds, the Series 2001 B Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds, as described in Section 1.02G hereof.

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

"Fourth Lien Bonds" means the Notes as described in Section 1.02 G, hereof.

"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.

"Grants" means all monies received by the Issuer on account 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.

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means Berkeley County Public Service Sewer District, a public service district, public corporation and political subdivision of the State of West Virginia in Berkeley County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreements" means, collectively, the SRF Agreement, the WDA 2002 D Loan Agreement and the WDA 2002 E Loan Agreement.

"Net Proceeds" means the face amount of the Series 2002 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the respective Series 2002 Bonds Reserve Accounts. 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 2002 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

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

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2002 Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the First Lien Bonds, the Second Lien Bonds, the Third Lien Bonds, and the Fourth Lien Bonds as described in Section 1.02G hereof.

"Prior Resolutions" means, individually or collectively, the resolution of the Issuer adopted March 6, 1986, authorizing the Series 1986 B Bonds; the resolution of the Issuer adopted April 30, 1990, authorizing the Series 1990 A Bonds and the Series 1990 B Bonds; the resolution of the Issuer adopted October 3, 1994, authorizing the Series 1994 A Bonds; the resolution of the Issuer adopted November 14, 1994, authorizing the Series 1994 B Bonds; the resolution of the Issuer adopted November 14, 1994, authorizing the Series 1994 C Bonds; the resolution of the Issuer adopted February 6, 1995, authorizing the Series 1995 A Bonds; the resolution of the Issuer adopted December 18, 1995, authorizing the Series 1995 B Bonds; the resolution of the Issuer adopted February 8, 1996, authorizing the Series 1996 A Bonds; the resolution of the Issuer adopted April 29, 1996, authorizing the Series 1996 B Bonds and the Series 1996 C Bonds; the resolution of the Issuer adopted June 11, 1996, authorizing the Series 1996 D Bonds; the resolution of the

Issuer adopted June 6, 1997, authorizing the Series 1997 A Bonds; the resolution of the Issuer adopted December 9, 1997, authorizing the Series 1997 B Bonds; the resolution of the Issuer adopted October 26, 1999, authorizing the Series 1999 A Bonds and the Notes; the resolution of the Issuer adopted May 23, 2000, authorizing the Series 2000 A Bonds; the resolution of the Issuer adopted March 27, 2001, authorizing the Series 2001 A Bonds; the resolution of the Issuer adopted July 31, 2001, authorizing the Series 2001 B Bonds; the resolution of the Issuer adopted May 7, 2002, authorizing the Series 2002 A Bonds; and the resolution of the Issuer adopted July 2, 2002, authorizing the Series 2002 B Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that use as a member of the general public shall not be taken into account.

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; 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.

"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 and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2002 C Bonds, the Series 2002 D Bonds, the Series 2002 E Bonds and certain of the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Series 2002 C Bonds, the Series 2002 D Bonds, the Series 2002 E Bonds and certain of the Prior Bonds.

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

"Second Lien Bonds" means the Series 1990 B Bonds as described in Section 1.02G hereof.

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

"Series 1986 B Bonds" means the Sewer Revenue Bonds, Series 1986 B, of the Issuer as described in Section 1.02G hereof.

"Series 1990 A Bonds" means the Sewer Revenue Bonds, Series 1990 A, of the Issuer as described in Section 1.02G hereof.

"Series 1990 B Bonds" means the Sewer Revenue Bonds, Series 1990 B, of the Issuer as described in Section 1.02G hereof.

"Series 1994 A Bonds" means the Sewer Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), of the Issuer as described in Section 1.02G hereof.

"Series 1994 B Bonds" means the Sewer Revenue Bonds, Series 1994 B, of the Issuer as described in Section 1.02G hereof.

"Series 1994 C Bonds" means the Sewer Revenue Bonds, Series 1994 C (West Virginia SRF Program), of the Issuer as described in Section 1.02G hereof.

"Series 1995 A Bonds" means the Sewer Revenue Bonds, Series 1995 A (West Virginia SRF Program), of the Issuer as described in Section 1.02G hereof.

"Series 1995 B Bonds" means the Sewer Revenue Bonds, Series 1995 B (West Virginia SRF Program), of the Issuer as described in Section 1.02G hereof.

"Series 1996 A Bonds" means the Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), of the Issuer as described in Section 1.02G hereof.

"Series 1996 B Bonds" means the Sewer Revenue Bonds, Series 1996 B (West Virginia SRF Program), of the Issuer as described in Section 1.02G hereof.

"Series 1996 C Bonds" means the Sewer Revenue Bonds, Series 1996 C (West Virginia SRF Program), of the Issuer as described in Section 1.02G hereof.

"Series 1996 D Bonds" means the Sewer Revenue Bonds, Series 1996 D, of the Issuer as described in Section 1.02G hereof.

"Series 1997 A Bonds" means the Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), of the Issuer, as described in Section 1.02G hereof.

"Series 1997 B Bonds" means the Sewer Revenue Bonds, Series 1997 B (West Virginia SRF Program), of the Issuer, as described in Section 1.02G hereof.

"Series 1999 A Bonds" means the Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), of the Issuer, as described in Section 1.02G hereof.

"Series 2000 A Bonds" means the Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, as described in Section 1.02G hereof.

"Series 2001 A Bonds" means the Sewer Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, as described in Section 1.02G hereof.

"Series 2001 B Bonds" means the Sewer Revenue Bonds, Series 2001 B (West Virginia SRF Program), of the Issuer, as described in Section 1.02G hereof.

"Series 2002 A Bonds" means the Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), of the Issuer, as described in Section 1.02G hereof.

"Series 2002 B Bonds" means the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), of the Issuer, as described in Section 1.02G hereof.

"Series 2002 Bonds" means, collectively, the Series 2002 C Bonds, the Series 2002 D Bonds and the Series 2002 E Bonds, of the Issuer, authorized by this Resolution.

"Series 2002 C Bonds" means the Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2002 C Bonds Construction Trust Fund" means the Series 2002 C Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 C Bonds Reserve Account" means the Series 2002 C Bonds Reserve Account established in the Series 2002 C Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2002 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 C Bonds in the then current or any succeeding year.

"Series 2002 C Bonds Sinking Fund" means the Series 2002 C Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2002 D Bonds" means the Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 2002 D Bonds Construction Trust Fund" means the Series 2002 D Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 D Bonds Reserve Account" means the Series 2002 D Bonds Reserve Account established in the Series 2002 D Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2002 D Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 D Bonds in the then current or any succeeding year.

"Series 2002 D Bonds Sinking Fund" means the Series 2002 D Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2002 E Bonds" means the Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 2002 E Bonds Construction Trust Fund" means the Series 2002 E Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 E Bonds Reserve Account" means the Series 2002 E Bonds Reserve Account established in the Series 2002 E Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2002 E Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 E Bonds in the then current or any succeeding year.

"Series 2002 E Bonds Sinking Fund" means the Series 2002 E Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2002 C Bonds, the Series 2002 D Bonds and the Series 2002 E Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the SRF Agreement.

"SRF Agreement" means the Bond Purchase Agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2002 C Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution 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 2002 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2002 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 2002 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

"Third Lien Bonds" means the Series 1994 B Bonds as described in Section 1.02G hereof.

"WDA 2002 D Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Authority and the Issuer, providing for the purchase of the Series 2002 D Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"WDA 2002 E Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Authority and the Issuer, providing for the purchase of the Series 2002 E Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

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 $36,026,287, 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 2002 Bonds hereby authorized shall be applied as provided in Article VI hereof, respectively. 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 and the DEP.

The cost of the Project is estimated to be $36,026,287, of which $30,500,000 will be obtained from proceeds of the Series 2002 C Bonds, $4,965,465 will be obtained from proceeds of the Series 2002 D Bonds, and $560,822 will be obtained from proceeds of the Series 2002 E Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2002 Bonds, funding a reserve account for the Series 2002 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2002 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 negotiable Series 2002 Bonds of the Issuer. The Series 2002 Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program)," in an aggregate principal amount of not more than $30,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 2002 D Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority),"in an aggregate principal amount of not more than $4,965,465, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 2002 E Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority),"in an aggregate principal amount of not more than $560,822, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the respective Series 2002 Bonds remaining after funding of the respective Series 2002 Bonds Reserve Account (if funded from Bond proceeds), capitalizing interest on the respective Series 2002 Bonds, if any, shall be deposited in or credited to the respective Series 2002 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2002 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 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 respective Loan Agreements. The Series 2002 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2002 Bonds, if any, 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 respective Series 2002 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each respective series of Series 2002 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2002

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

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

Section 3.03. Execution of Bonds. The Series 2002 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 2002 Bonds shall cease to be such officer of the Issuer before the Series 2002 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2002 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 2002 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 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 2002 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2002 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 2002 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2002 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

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

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month 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 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2002 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 respective Series 2002 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the respective Series 2002 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 2002 Bonds shall

be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2002 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 2002 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which each series of Series 2002 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the respective Series 2002 Bonds to the original purchasers;

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

D. Executed copies of the Loan Agreements; and

E. The unqualified approving opinion of bond counsel on the Series 2002 Bonds.

Section 3.10. Form of Bonds. The text of the respective Series 2002 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 2002 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BOND, SERIES 2002 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from t`he 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 on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200___, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 200___.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions 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 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 200___, and a Supplemental Resolution duly adopted by the Issuer on _____, 200___ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for 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 FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1986 B, DATED MARCH 7, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,638,194 (THE "SERIES 1986 B BONDS");

(2) SEWER REVENUE BONDS, SERIES 1990 A, DATED MAY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $828,629 (THE "SERIES 1990 A BONDS");

(3) SEWER REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 5, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $494,288 (THE "SERIES 1994 A BONDS");

(4) SEWER REVENUE BONDS, SERIES 1994 C (WEST VIRGINIA SRF PROGRAM), DATED NOVEMBER 17, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,772,879 (THE "SERIES 1994 C BONDS");

(5) SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 9, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,837,640 (THE "SERIES 1995 A BONDS");

(6) SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,138,506 (THE "SERIES 1995 B BONDS");

(7) SEWER REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 13, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $319,902 (THE "SERIES 1996 A BONDS");

(8) SEWER REVENUE BONDS, SERIES 1996 B (WEST VIRGINIA SRF PROGRAM), DATED MAY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,628,633 (THE "SERIES 1996 B BONDS");

(9) SEWER REVENUE BONDS, SERIES 1996 C (WEST VIRGINIA SRF PROGRAM), DATED MAY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $837,579 (THE "SERIES 1996 C BONDS");

(10) SEWER REVENUE BONDS, SERIES 1996 D, DATED JUNE 15, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,770,000 (THE "SERIES 1996 D BONDS");

(11) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 12, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $148,000 (THE "SERIES 1997 a BONDS");

(12) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA SRF PROGRAM),

DATED DECEMBER 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,250,000 (THE "SERIES 1997 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,707,296 (THE "SERIES 1999 A BONDS");

(14) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $937,500 (THE "SERIES 2000 A BONDS");

(15) SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 30, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $429,000 (THE "SERIES 2001 A BONDS");

(16) SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA IN SRF PROGRAM), DATED AUGUST 7, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,909,850 (THE "SERIES 2001 B BONDS");

(17) SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 9, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 2002 A BONDS");

(18) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WEST VIRGINIA SRF PROGRAM), DATED JULY 11, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $456,548 (THE "SERIES 2002 B BONDS");

(19) SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 28, 2002, ISSUED

CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,965,465 (THE "SERIES 2002 D BONDS"); AND

(20) SEWER REVENUE BONDS, SERIES 2002 E (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 28, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $560,822 (THE "SERIES 2002 E BONDS").

THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS AND THE SERIES 2002 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1990 B, DATED MAY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $38,669 (THE "SERIES 1990 B BONDS");

(2) SEWER REVENUE BONDS, SERIES 1994 B, DATED DECEMBER 1, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 1994 B BONDS"); AND

(3) SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,000,000 (THE "NOTES").

THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B

BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 1990 B BONDS, THE SERIES 1994 B BONDS AND THE NOTES ARE HEREINAFTER COLLECTIVELY CALLED 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 First Lien Bonds, the Series 2002 D Bonds, the Series 2002 E Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 C 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, or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2002 C 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 or junior to the Bonds, including the Prior Bonds, the Series 2002 D Bonds and the Series 2002 E Bonds; provided however, that so long as there exists in the Series 2002 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, the Series 2002 D Bonds and the Series 2002 E 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 Branch Banking and Trust Company, 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 monies received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal 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, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT 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 _____, 2002.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2002 D BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2002 D
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. DR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in annual installments on October 1 of each year, commencing October I, 200___, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing _____ 1, 200___. 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"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 2002.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) to capitalize interest on the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions 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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (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 FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1986 B, DATED MARCH 7, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,638,194 (THE "SERIES 1986 B BONDS");

(2) SEWER REVENUE BONDS, SERIES 1990 A, DATED MAY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $828,629 (THE "SERIES 1990 A BONDS");

(3) SEWER REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 5, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $494,288 (THE "SERIES 1994 A BONDS");

(4) SEWER REVENUE BONDS, SERIES 1994 C (WEST VIRGINIA SRF PROGRAM), DATED NOVEMBER 17, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,772,879 (THE "SERIES 1994 C BONDS");

(5) SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 9, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,837,640 (THE "SERIES 1995 A BONDS");

(6) SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,138,506 (THE "SERIES 1995 B BONDS");

(7) SEWER REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 13, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $319,902 (THE "SERIES 1996 A BONDS");

(8) SEWER REVENUE BONDS, SERIES 1996 B (WEST VIRGINIA SRF PROGRAM), DATED MAY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,628,633 (THE "SERIES 1996 B BONDS");

(9) SEWER REVENUE BONDS, SERIES 1996 C (WEST VIRGINIA SRF PROGRAM), DATED MAY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $837,579 (THE "SERIES 1996 C BONDS");

(10) SEWER REVENUE BONDS, SERIES 1996 D, DATED JUNE 15, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,770,000 (THE "SERIES 1996 D BONDS");

(11) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 12, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $148,000 (THE "SERIES 1997 a BONDS");

(12) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA SRF PROGRAM),

DATED DECEMBER 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,250,000 (THE "SERIES 1997 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,707,296 (THE "SERIES 1999 A BONDS");

(14) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $937,500 (THE "SERIES 2000 A BONDS");

(15) SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 30, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $429,000 (THE "SERIES 2001 A BONDS");

(16) SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA IN SRF PROGRAM), DATED AUGUST 7, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,909,850 (THE "SERIES 2001 B BONDS");

(17) SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 9, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 2002 A BONDS");

(18) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WEST VIRGINIA SRF PROGRAM), DATED JULY 11, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $456,548 (THE "SERIES 2002 B BONDS");

(19) SEWER REVENUE BONDS, SERIES 2002 C (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 28, 2002, ISSUED CONCURRENTLY

HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,500,000 (THE "SERIES 2002 D BONDS"); AND

(20) SEWER REVENUE BONDS, SERIES 2002 E (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 28, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $560,822 (THE "SERIES 2002 E BONDS").

THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS AND THE SERIES 2002 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1990 B, DATED MAY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $38,669 (THE "SERIES 1990 B BONDS");

(2) SEWER REVENUE BONDS, SERIES 1994 B, DATED DECEMBER 1, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 1994 B BONDS"); AND

(3) SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,000,000 (THE "NOTES").

THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE

SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 1990 B BONDS, THE SERIES 1994 B BONDS AND THE NOTES ARE HEREINAFTER COLLECTIVELY CALLED 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 First Lien Bonds, the Series 2002 C Bonds and the Series 2002 E Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 D Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and 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, or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2002 D Bond Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds, the Series 2002 C Bonds and the Series 2002 E Bonds; provided however, that so long as there exists in the Series 2002 D Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, the Series 2002 C Bonds and the Series 2002 E Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT 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 _____, 2002.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 D 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: _____, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

_____
Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer 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 2002 E BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2002 E
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. ER-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in annual installments on October 1 of each year, commencing October 1, 200___, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing _____ 1, 200___. 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"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 2002.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) to capitalize interest on the Bonds of this Series (the "Bonds"); and (iii) to

pay certain costs of issuance of the Bonds and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions 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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (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 FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1986 B, DATED MARCH 7, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,638,194 (THE "SERIES 1986 B BONDS");

(2) SEWER REVENUE BONDS, SERIES 1990 A, DATED MAY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $828,629 (THE "SERIES 1990 A BONDS");

(3) SEWER REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 5, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $494,288 (THE "SERIES 1994 A BONDS");

(4) SEWER REVENUE BONDS, SERIES 1994 C (WEST VIRGINIA SRF PROGRAM), DATED NOVEMBER 17, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,772,879 (THE "SERIES 1994 C BONDS");

(5) SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 9,

1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,837,640 (THE "SERIES 1995 A BONDS");

(6) SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,138,506 (THE "SERIES 1995 B BONDS");

(7) SEWER REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 13, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $319,902 (THE "SERIES 1996 A BONDS");

(8) SEWER REVENUE BONDS, SERIES 1996 B (WEST VIRGINIA SRF PROGRAM), DATED MAY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,628,633 (THE "SERIES 1996 B BONDS");

(9) SEWER REVENUE BONDS, SERIES 1996 C (WEST VIRGINIA SRF PROGRAM), DATED MAY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $837,579 (THE "SERIES 1996 C BONDS");

(10) SEWER REVENUE BONDS, SERIES 1996 D, DATED JUNE 15, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,770,000 (THE "SERIES 1996 D BONDS");

(11) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 12, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $148,000 (THE "SERIES 1997 a BONDS");

(12) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,250,000 (THE "SERIES 1997 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,707,296 (THE "SERIES 1999 A BONDS");

(14) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $937,500 (THE "SERIES 2000 A BONDS");

(15) SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 30, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $429,000 (THE "SERIES 2001 A BONDS");

(16) SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA IN SRF PROGRAM), DATED AUGUST 7, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,909,850 (THE "SERIES 2001 B BONDS");

(17) SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 9, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 2002 A BONDS");

(18) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WEST VIRGINIA SRF PROGRAM), DATED JULY 11, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $456,548 (THE "SERIES 2002 B BONDS");

(19) SEWER REVENUE BONDS, SERIES 2002 C (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 28, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,500,000 (THE "SERIES 2002 E BONDS"); AND

(20) SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 28, 2002, ISSUED CONCURRENTLY

HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,965,465 (THE "SERIES 2002 D BONDS").

THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS AND THE SERIES 2002 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1990 B, DATED MAY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $38,669 (THE "SERIES 1990 B BONDS");

(2) SEWER REVENUE BONDS, SERIES 1994 B, DATED DECEMBER 1, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 1994 B BONDS"); AND

(3) SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,000,000 (THE "NOTES").

THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 1990 B BONDS, THE SERIES 1994 B BONDS AND THE NOTE ARE HEREINAFTER COLLECTIVELY CALLED 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 First Lien Bonds, the Series 2002 C Bonds and the Series 2002 D Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 E Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and 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, or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2002 E Bond Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds, the Series 2002 C Bonds and the Series 2002 D Bonds; provided however, that so long as there exists in the Series 2002 E Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, the Series 2002 C Bonds and the Series 2002 D Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT 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 _____, 2002.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 E 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: _____, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

_____
Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer 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 Agreements. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved. The Series 2002 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreements 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 Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) 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) Operation and Maintenance Fund (established by the Prior Resolutions);

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

(4) Series 2002 C Bonds Construction Trust Fund;

(5) Series 2002 D Bonds Construction Trust Fund;

(6) Series 2002 E Bonds Construction Trust Fund;

(7) Series 2002 D Bonds Rebate Fund; and

(8) Series 2002 E Bonds Rebate Fund.

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

(1) Series 1986 B Bonds Sinking Fund (established by the Prior Resolutions);

(2) Series 1986 B Bonds Reserve Account established by the Prior Resolutions);

(3) Series 1990 A Bonds Sinking Fund (established by the Prior Resolutions);

(4) Series 1990 A Bonds Reserve Account (established by the Prior Resolutions);

(5) Series 1990 B Bonds Sinking Fund (established by the Prior Resolutions);

(6) Series 1990 B Bonds Reserve Account (established by the Prior Resolutions);

(7) Series 1994 A Bonds Sinking Fund (established by the Prior Resolutions);

(8) Series 1994 A Bonds Reserve Account (established by the Prior Resolutions);

(9) Series 1994 C Bonds Sinking Fund (established by the Prior Resolutions);

(10) Series 1994 C Bonds Reserve Account (established by the Prior Resolutions);

(11) Series 1995 A Bonds Sinking Fund (established by the Prior Resolutions);

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

(13) Series 1995 B Bonds Sinking Fund (established by the Prior Resolutions);

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

(15) Series 1996 A Bonds Sinking Fund (established by the Prior Resolutions);

(16) Series 1996 A Bonds Reserve Account (established by the Prior Resolutions);

(17) Series 1996 B Bonds Sinking Fund (established by the Prior Resolutions);

(18) Series 1996 B Bonds Reserve Account (established by the Prior Resolutions);

(19) Series 1996 C Bonds Sinking Fund (established by the Prior Resolutions);

(20) Series 1996 C Bonds Reserve Account (established by the Prior Resolutions);

(21) Series 1996 D Bonds Sinking Fund (established by the Prior Resolutions);

(22) Series 1996 D Bonds Reserve Account and the Series 1996 D Bonds Redemption Account (established by the Prior Resolutions);

(23) Series 1997 A Bonds Sinking Fund (established by the Prior Resolutions);

(24) Series 1997 A Bonds Reserve Account (established by the Prior Resolutions);

(25) Series 1997 B Bonds Sinking Fund (established by the Prior Resolutions);

(26) Series 1997 B Bonds Reserve Account (established by the Prior Resolutions);

(27) Series 1999 A Bonds Sinking Fund (established by the Prior Resolutions);

(28) Series 1999 A Bonds Reserve Account (established by the Prior Resolutions);

(29) Series 1999 A Notes Payment Fund (established by the Prior Resolutions);

(30) Series 2000 A Bonds Sinking Fund (established by the Prior Resolutions);

(31) Series 2000 A Bonds Reserve Account (established by the Prior Resolutions);

(32) Series 2001 A Bonds Sinking Fund (established by the Prior Resolutions);

(33) Series 2001 A Bonds Reserve Account (established by the Prior Resolutions);

(34) Series 2001 B Bonds Sinking Fund (established by the Prior Resolutions);

(35) Series 2001 B Bonds Reserve Account (established by the Prior Resolutions);

(36) Series 2002 A Bonds Sinking Fund (established by the Prior Resolutions);

(37) Series 2002 A Bonds Reserve Account (established by the Prior Resolutions);

(38) Series 2002 B Bonds Sinking Fund (established by the Prior Resolutions); and

(39) Series 2002 B Bonds Reserve Account (established by the Prior Resolutions);

(40) Series 2002 C Bonds Sinking Fund; and

(41) Series 2002 C Bonds Reserve Account;

(42) Series 2002 D Bonds Sinking Fund;

(43) Series 2002 D Bonds Reserve Account;

(44) Series 2002 E Bonds Sinking Fund;

(45) Series 2002 E Bonds Reserve Account;

The Series 1994 B Bonds Repayment Account has heretofore been established by the Prior Resolutions with the paying agent for the Series 1994 B Bonds.

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 revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts required by the Prior Resolutions (i) for deposit in the Series 1990 A Bonds Sinking Fund for the payment of the interest on the Series 1990 A Bonds; (ii) for deposit in the Series 1994 A Bonds Sinking Fund for the payment of the interest on the Series 1994 A Bonds; (iii) for deposit in the Series 1996 D Bonds Sinking Fund for payment of the interest on the Series 1996 D Bonds; (iv) for deposit in the Series 1997 A Bonds Sinking Fund for payment of the interest on the Series 1997 A Bonds; (v) for deposit in the Series 1997 B Bonds Sinking Fund for payment of the interest on the Series 1997 B Bonds;(vi) for deposit in the Series 2001 A Bonds Sinking Fund for payment of interest on the Series 2001 A Bonds; (vii) commencing 7 months prior to the first day of payment of interest on the Series 2002 D Bonds for which interest has not been capitalized or as required in the WDA 2002 D Loan Agreement, for deposit in the Series 2002 D Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2002 D Bonds on the next ensuing semiannual interest payment date; and (viii) commencing 7 months prior to the first day of payment of interest on the Series 2002 E Bonds for which interest has not been capitalized or as required in the WDA 2002 E Loan Agreement, for deposit in the Series 2002 E Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2002 E Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposits in the Series 2002 D Bonds Sinking Fund and the Series 2002 E Bonds Sinking Fund and the next respective semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next respective semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts required by the Prior Resolutions (i) for deposit in the Series 1986 B Bonds Sinking Fund for payment of the principal of the Series 1986 B Bonds; (ii) for deposit in the Series 1990 A Bonds Sinking Fund for the payment of the

principal of the Series 1990 A Bonds; (iii) for deposit in the Series 1994 A Bonds Sinking Fund for the payment of the principal of the Series 1994 A Bonds; (iv) for deposit in the Series 1994 C Bonds Sinking Fund for payment of the principal of the Series 1994 C Bonds; (v) for deposit in the Series 1995 A Bonds Sinking Fund for payment of the principal of the Series 1995 A Bonds; (vi) for deposit in the Series 1995 B Bonds Sinking Fund for payment of the principal of the Series 1995 B Bonds; (vii) for deposit in the Series 1996 A Bonds Sinking Fund for payment of the principal of the Series 1996 A Bonds; (viii) for deposit in the Series 1996 B Bonds Sinking Fund for payment of the principal of the Series 1996 B Bonds; (ix) for deposit in the Series 1996 C Bonds Sinking Fund for payment of the principal of the Series 1996 C Bonds; (x) for deposit in the Series 1996 D Bonds Sinking Fund for payment of the principal of the Series 1996 D Bonds; (xi) for deposit in the Series 1997 A Bonds Sinking Fund for payment of the principal of the Series 1997 A Bonds; (xii) for deposit in the Series 1997 B Bonds Sinking Fund for payment of the principal of the Series 1997 B Bonds; (xiii) for deposit in Series 1999 A Bonds Sinking Fund for payment of the principal of the Series 1999 A Bonds; (xiv) for deposit in the Series 2000 A Bonds Sinking Fund for payment of the principal of the Series 2000 A Bonds; (xv) for deposit in the Series 2001 A Bonds Sinking Fund for payment of the principal of the Series 2001 A Bonds; (xvi) for deposit in the Series 2001 B Bonds Sinking Fund for payment of the principal of the Series 2001 B Bonds; (xvii) for deposit in the Series 2002 A Bonds Sinking Fund for payment of the principal of the Series 2002 A Bonds; (xviii) for deposit in the Series 2002 B Bonds Sinking Fund for payment of principal on the Series 2002 B Bonds; (xix) commencing 3 months prior to the first date of payment of principal of the Series 2002 C Bonds, for deposit in the Series 2002 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2002 C Bonds on the next ensuing quarterly principal payment date; (xx) commencing 13 months prior to the first date of payment of principal of the Series 2002 D Bonds, for deposit in the Series 2002 D Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2002 D Bonds on the next ensuing annual principal payment date; and (xxi) commencing 13 months prior to the first date of payment of principal of the Series 2002 E Bonds, for deposit in the Series 2002 E Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2002 E Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposits in the Series 2002 C 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 and provided further

that, in the event the period to elapse between the date of such initial deposits in the Series 2002 D Bonds Sinking Fund and the Series 2002 E Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts required by the Prior Resolutions for deposit in (i) the Series 1986 B Bonds Reserve Account; (ii) the Series 1990 A Bonds Reserve Account; (iii) the Series 1994 A Bonds Reserve Account; (iv) the Series 1994 C Bonds Reserve Account; (v) the Series 1995 A Bonds Reserve Account; (vi) the Series 1995 B Bonds Reserve Account; (vii) the Series 1996 A Bonds Reserve Account; (viii) the Series 1996 B Bonds Reserve Account; (ix) the Series 1996 C Bonds Reserve Account; (x) the Series 1996 D Bonds Reserve Account; (xi) the Series 1997 A Bonds Reserve Account; (xii) the Series 1997 B Bonds Reserve Account; (xiii) the Series 1999 A Bonds Reserve Account; (xiv) the Series 2000 A Bonds Reserve Account; (xv) the Series 2001 A Bond Reserve Account; (xvi) the Series 2001 B Bond Reserve Account; (xvii) the Series 2002 A Bonds Reserve Account; (xviii) the Series 2002 B Bonds Reserve Account; (xix) commencing 3 months prior to the first date of payment of principal of the Series 2002 C Bonds, if not fully funded upon issuance of the Series 2002 C Bonds, for deposit in the Series 2002 C Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 C Bonds Reserve Requirement; (xx) commencing 13 months prior to the first date of payment of principal of the Series 2002 D Bonds, if not fully funded upon issuance of the Series 2002 D Bonds, for deposit in the Series 2002 D Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 D Bonds Reserve Requirement; (xxi) commencing 13 months prior to the first date of payment of principal of the Series 2002 E Bonds, if not fully funded upon issuance of the Series 2002 E Bonds, for deposit in the Series 2002 E Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 E Bonds Reserve Requirement; provided that, no further payments shall be made into the respective Series 2002 Bonds Reserve Accounts when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the respective Series 2002 Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, from the monies remaining in the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in

the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amount required by the Prior Resolutions to be deposited in the Series 1990 B Bonds Sinking Fund for payment of principal of the Series 1990 B Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amount required by the Prior Resolutions to be deposited in the Series 1990 B Bonds Reserve Account.

(8) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the paying agent the amount required by the Prior Resolutions to be deposited in the Series 1994 B Bonds Repayment Account for payment of principal of the Series 1994 B Bonds.

Monies in the Series 2002 C Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2002 C Bonds as the same shall become due. Monies in the Series 2002 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2002 C Bonds as the same shall come due, when other monies in the Series 2002 C Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Monies in the Series 2002 D Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2002 D Bonds as the same shall become due. Monies in the Series 2002 D Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2002 D Bonds as the same shall come due, when other monies in the Series 2002 D Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Monies in the Series 2002 E Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2002 E Bonds as the same shall become due. Monies in the Series 2002 E Bonds Reserve Account shall be used only

for the purpose of paying principal of and interest, if any, on the Series 2002 E Bonds as the same shall come due, when other monies in the Series 2002 E Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2002 C Bonds Sinking Fund and the Series 2002 C Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2002 C Bonds Construction Trust Fund and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due, if any, on the Series 2002 C Bonds, and then to the next ensuing principal payment due thereon.

Except to the extent transferred to the Series 2002 D Bonds Rebate Fund at the request of the Issuer, all investment earnings on monies in the Series 2002 D Bonds Sinking Fund and the Series 2002 D Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2002 D Bonds Construction Trust Fund and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2002 D Bonds, and then to the next ensuing principal payment due thereon.

Except to the extent transferred to the Series 2002 E Bonds Rebate Fund at the request of the Issuer, all investment earnings on monies in the Series 2002 E Bonds Sinking Fund and the Series 2002 E Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2002 E Bonds Construction Trust Fund and following completion of the construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2002 E Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2002 C Bonds Reserve Account which result in a reduction in the balance therein below the Series 2002 C Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Except to the extent transferred to the Series 2002 D Bonds Rebate Fund at the request of the Issuer, any withdrawals from the Series 2002 D Bonds Reserve Account which result in a reduction in the balance therein below the Series 2002 D Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Except to the extent transferred to the Series 2002 E Bonds Rebate Fund at the request of the Issuer, any withdrawals from the Series 2002 E Bonds Reserve Account which

result in a reduction in the balance therein below the Series 2002 E Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2002 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the respective Series 2002 Bonds Sinking Funds or the respective Series 2002 Bonds Reserve Accounts therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2002 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2002 Bonds and the First Lien Bonds, thereafter, with respect to the Second Lien Bonds, thereafter, with respect to the Third Lien Bonds, and thereafter, with respect to the Fourth Lien Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the respective Series 2002 Bonds Sinking Funds and the respective Series 2002 Bonds Reserve Accounts 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 the Series 2002 Bonds Sinking Funds and the respective Series 2002 Bonds Reserve Accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the respective Series 2002 Bonds Sinking Funds and the respective Series 2002 Bonds Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002 C Bonds Sinking Fund and the Series 2002 C Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 C Bonds under the conditions and restrictions set forth herein.

The Series 2002 D Bonds Sinking Fund and the Series 2002 D Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 D Bonds under the conditions and restrictions set forth herein.

The Series 2002 E Bonds Sinking Fund and the Series 2002 E Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 E Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2002 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the SRF Agreement.

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 along with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by 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 sum insured by the maximum amounts insured by FDIC in any of the funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts

herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. All remittances made by the Issuer to the Commission 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.

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. A. From the monies received from the sale of the Series 2002 C Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2002 C Bonds, there shall first be deposited with the Commission in the Series 2002 C Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

(b) Next, from the proceeds of the Series 2002 C Bonds, there shall be deposited with the Commission in the Series 2002 C Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 C Bonds Reserve Account.

(c) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 C Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 C 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 2002 C Bonds.

(d) After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2002 C Bonds shall be used to fund the Series 2002 C Bonds Reserve Account, if not funded upon issuance of the Series 2002 C Bonds, in an amount not to exceed the Series 2002 C Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2002 C Bonds be deposited in the Series 2002 C Bonds Reserve Account. Any remaining proceeds thereafter shall be used as directed by the DEP.

B. From the monies received from the sale of the Series 2002 D Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2002 D Bonds, there shall first be deposited with the Commission in the Series 2002 D Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

(b) Next, from the proceeds of the Series 2002 D Bonds, there shall be deposited with the Commission in the Series 2002 D Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 D Bonds Reserve Account.

(c) The remaining monies derived from the sale of the Series 2002 D Bonds shall be deposited with the Depository Bank in the Series 2002 D 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 2002 D Bonds.

(d) After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2002 D Bonds shall be used to fund the Series 2002 D Bonds Reserve Account, if not funded upon issuance of the Series 2002 D Bonds, in an amount not to exceed the Series 2002 D Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2002 D Bonds be deposited in the Series 2002 D Bonds Reserve Account. Any remaining proceeds thereafter shall be used as directed by the Authority.

C. From the monies received from the sale of the Series 2002 E Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2002 E Bonds, there shall first be deposited with the Commission in the Series 2002 E Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

(b) Next, from the proceeds of the Series 2002 E Bonds, there shall be deposited with the Commission in the Series 2002 E Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 E Bonds Reserve Account.

(c) The remaining monies derived from the sale of the Series 2002 E Bonds shall be deposited with the Depository Bank in the Series 2002 E 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 2002 E Bonds.

(d) After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2002 E Bonds shall be used to fund the Series 2002 E Bonds Reserve Account, if not funded upon issuance of the Series 2002 E Bonds, in an amount not to exceed the Series 2002 E Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2002 E Bonds be deposited in the Series 2002 E Bonds Reserve Account. Any remaining proceeds thereafter shall be used as directed by the Authority.

Section 6.02. Disbursements From the Series 2002 C Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the

Series 2002 C Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2002 C Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the SRF Agreement in compliance with the construction schedule, and

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

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

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

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

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

Pending such application, monies in the Series 2002 C Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Section 6.03. Disbursements from the Series 2002 D and Series 2002 E Bonds Construction Trust Fund. Except as provided in Section 6.01 hereof, disbursements from the Series 2002 D Bonds Construction Trust Fund and Series 2002 E Bonds Construction Trust Fund shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the respective Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the respective Construction Trust Funds shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Trust Funds. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, monies in the Construction Trust Funds, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the 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 2002 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 2002 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 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 the Series 2002 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2002 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2002 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2002 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges , with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreements. 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 Final Order of the Public Service Commission of West Virginia entered June 28, 1999, in Case No. 98-1484-PSD-CN, and such rates are hereby adopted.

So long as the Series 2002 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 Agreements. In the event the schedule of rates and charges initially established for the System in connection with the Series 2002 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements.

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 the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2002 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the respective Series 2002 Bonds, immediately be remitted to the Commission for deposit in the respective Series 2002 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the respective Series 2002 Bonds. Any balance remaining after the payment of the respective Series 2002 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, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation

thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then 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 2002 Bonds. All obligations issued by the Issuer after the issuance of the Series 2002 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 2002 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 2002 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 2002 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the DEP prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, 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. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2002 Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority 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 2002 Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds; provided that, so long as the Series 1996 D Bonds are outstanding, for purposes of this test, the Issuer may only take into account 75% of the "estimated average increased annual Net Revenues to be received in each of the three succeeding years" to the

extent such increased Net Revenues are expected to be derived from an increase in the number of users to be served by the Project financed by such additional Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2002 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 2002 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 cost of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and

information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the respective Series 2002 Bonds, and shall mail in each year to any Holder or Holders of the respective Series 2002 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants 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 2002 Bonds, and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2002 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreements and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreements 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 and the DEP, or their agents and representatives, to enter and inspect the Project site and 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 DEP and the Authority, or their agents and representatives, with access to the System site and facilities, as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

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

Section 7.09. Rates. Prior to the issuance of the Series 2002 Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2002 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the respective Series 2002 Bonds Reserve Accounts and any reserve accounts for obligations on a parity with or junior to the Series 2002 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 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2002 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 and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a 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 and the DEP 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 and the DEP 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 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 Loan Agreements, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

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

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

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

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

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

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of

such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2002 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 Agreements, 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 and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreements so require, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2002 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2002 D Bonds and Series 2002 E Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2002 D Bonds and Series 2002 E Bonds during the term thereof is, under the terms of the Series 2002 D Bonds and Series 2002 E Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2002 D Bonds and Series 2002 E Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2002 D Bonds and Series 2002 E Bonds during the term thereof is, under the terms of the Series 2002 D Bonds and Series 2002 E Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2002 D Bonds and Series 2002 E Bonds

used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2002 D Bonds and Series 2002 E Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2002 D Bonds and Series 2002 E Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2002 D Bonds and Series 2002 E Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer shall timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2002 D Bonds and Series 2002 E Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2002 D Bonds and Series 2002 E Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2002 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 2002 Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior to the statutory mortgage lien in favor of the Holders of the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds.

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

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

Section 7.21. 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 2002 Bonds immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders regarding the Series 2002 C Bonds to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2002 C Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2002 C Bonds made available due to bid or construction or project underruns.

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

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 shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own 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 2002 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2002 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 2002 C Bonds as a condition to issuance of the Series 2002 C 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 2002 C Bonds as may be necessary in order to maintain the status of the Series 2002 C 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 2002 C Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2002 C Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2002 C Bonds and any additional information requested by the Authority.

Section 8.03. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2002 D Bonds and the Series 2002 E Bonds which would cause the Series 2002 D Bonds or the Series 2002 E Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2002 D Bonds and the Series 2002 E Bonds) so that the interest on the Series 2002 D Bonds and the Series 2002 E Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.04. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2002 D Bonds and the Series 2002 E Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2002 D Bonds and the Series 2002 E Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the respective Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the respective Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other

lawfully available sources. Notwithstanding anything herein to the contrary, the respective Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the respective Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the respective Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the respective Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. The Issuer may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 8.04. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.04 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount, any and all interest, penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2002 D Bonds and the Series 2002 E Bonds from gross income for federal income tax purposes.

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

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2002 D Bonds and the Series 2002 E Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional

information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2002 D Bonds and the Series 2002 E Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2002 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2002 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 2002 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 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, 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 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2002 Bonds shall be on a parity with the Holders of the First Lien Bonds and senior to the Holders of the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds.

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

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2002 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 2002 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 2002 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 2002 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 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 2002 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2002 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2002 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 the Series 2002 Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2002 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 2002 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 2002 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, 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 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and at 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 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a certificate of public convenience and necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Berkeley County Public Service Sewer District and within the boundaries of the Issuer, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2002 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2002 Bonds authorized hereby;

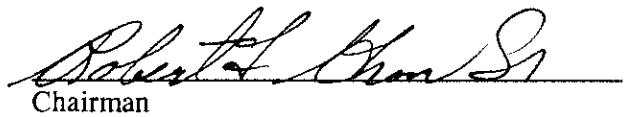
(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 27th day of August, 2002.



Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT on the 27th day of August, 2002.

Dated: August 28, 2002

[SEAL]

Secretary

08/026/02
067740.00002

EXHIBIT A

Loan Agreements included in bond transcript as Document 3, 4 and 5.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2002 C
(West Virginia SRF Program),
Sewer Revenue Bonds, Series 2002 D
(West Virginia Water Development Authority) and
Sewer Revenue Bonds, Series 2002 E
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2002 C (WEST VIRGINIA SRF PROGRAM), SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND SEWER REVENUE BONDS, SERIES 2002 E (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT; AUTHORIZING AND APPROVING LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Berkeley County Public Service Sewer District (the "Issuer") has duly and officially adopted a bond resolution, effective August 27, 2002 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE

FACILITIES OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $36,026,287 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 C (WEST VIRGINIA SRF PROGRAM), SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); AND SEWER REVENUE BONDS, SERIES 2002 E (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 meaning set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of the (i) Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program) (the "Series 2002 C Bonds"), (ii) Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority) (the "Series 2002 D Bonds") and (iii) Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority) (the "Series 2002 E Bonds," and collectively, with the Series 2002 C Bonds and Series 2002 D Bonds, the "Series 2002 Bonds"), of the Issuer, in the aggregate principal amount not to exceed $36,026,287,000, and has authorized the execution and delivery of (i) a bond purchase agreement relating to the Series 2002 C Bonds, including all schedules and exhibits attached thereto (the "SRF Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), (ii) a loan agreement relating to the Series 2002 D Bonds, including all schedules and exhibits attached thereto (the " WDA 2002 D Loan Agreement"), by and among the Issuer and the Authority, and (iii) a loan agreement relating to the Series 2002 E Bonds, including all schedules and exhibits attached thereto (the "WDA 2002 E Loan Agreement"), by and among the Issuer and the Authority (collectively, the "Loan Agreements"), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 2, and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in

the Resolution it is provided that the form of the Loan Agreements and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Series 2002 Bonds should be established by a supplemental resolution pertaining to the Series 2002 Bonds; and that other matters relating to the Series 2002 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 amount, the date, the maturity date, the Series redemption provision, the interest rate, the interest and principal payment dates and the sale price of the 2002 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2002 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT:

Section 1. Pursuant to the 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) Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of $30,500,000. The Series 2002 C Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2034, and shall bear no interest. The principal of the Series 2002 C Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2004, and maturing March 1, 2034, and in the amounts as set forth in the "Schedule Y" attached to the SRF Agreement and incorporated in and made a part of the Series 2002 C Bonds. The Series 2002 C Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the SRF Agreement, so long as the Authority shall be the registered owner of the Series 2002 C Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to .5% of the principal amount of the Series 2002 C Bonds set for in the "Schedule Y" attached to the SRF Agreement.

(B) Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered DR-1, in the principal amount

of $4,965,465. The Series 2002 D Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2039, and shall bear interest at the rate of 5.8% per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2002. The principal of the Series 2002 D Bonds shall be payable in annual installments on October 1 of each year, commencing October 1, 2005, and maturing October 1, 2039, and in the amounts as set forth in the "Schedule Y" attached to the WDA 2002 D Loan Agreement and incorporated in and made a part of the Series 2002 D Bonds. The Series 2002 D Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium and otherwise in compliance with the WDA 2002 D Loan Agreement, as long as the Authority shall be the registered owner of the Series 2002 D Bonds.

(C) Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered ER-1, in the principal amount of $560,822. The Series 2002 E Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2041, and shall bear interest at the rate of 5.8% per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2002. The principal of the Series 2002 E Bonds shall be payable in annual installments on October 1 of each year, commencing October 1, 2005, and maturing October 1, 2041, and in the amounts as set forth in the "Schedule Y" attached to the WDA 2002 E Loan Agreement and incorporated in and made a part of the Series 2002 E Bonds. The Series 2002 E Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium and otherwise in compliance with the WDA 2002 E Loan Agreement, as long as the Authority shall be the registered owner of the Series 2002 E Bonds.

Section 2. All other provisions relating to the Series 2002 Bonds and the text of the Series 2002 Bonds shall be in substantially the forms provided in the Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreements 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 DEP and the Authority. The price of the Series 2002 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2002 C Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2002 Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and among 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 Series 2002 Bonds under the Resolution.

Section 6. The Issuer does hereby appoint and designate The Huntington National Bank, Martinsburg, West Virginia, to serve as Depository Bank under the Resolution.

Section 7. Series 2002 C Bonds proceeds in the amount of -0- shall be deposited in the Series 2002 C Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2002 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 C Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2002 C Bonds shall be deposited in or credited to the Series 2002 C Bonds Construction Trust Fund as received from time-to-time for payment of the costs of the Project, including, without limitation, costs of issuance thereof and related costs.

Section 10. Series 2002 D Bonds proceeds in the amount of $410,396 shall be deposited in the Series 2002 D Bonds Sinking Fund, as capitalized interest.

Section 11. Series 2002 D Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 D Bonds Reserve Account.

Section 12. The balance of the proceeds of the Series 2002 D Bonds shall be deposited in or credited to the Series 2002 D Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance thereof and related costs.

Section 13. Series 2002 E Bonds proceeds in the amount of $46,352 shall be deposited in the Series 2002 E Bonds Sinking Fund, as capitalized interest.

Section 14. Series 2002 E Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 E Bonds Reserve Account.

Section 15. The balance of the proceeds of the Series 2002 E Bonds shall be deposited in or credited to the Series 2002 E Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance thereof and related costs.

Section 16. 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 Series 2002 Bonds to be issued hereby and by the Resolution approved and provided

for, to the end that the Series 2002 Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about August 28, 2002.

Section 17. The acquisition and construction of the Project and the financing thereof with proceeds of the Series 2002 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 18. 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 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 respective Sinking Funds and the respective Reserve Accounts shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 19. The Issuer shall not permit at any time or times any of the proceeds of the Series 2002 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2002 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 Series 2002 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.

Section 20. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 21. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 27th day of August, 2002.

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT on the 27th day of August, 2002.

Dated: August 28, 2002.

[SEAL]

Secretary

08/26/02
067740.00002

CH536089.1

SRF-BPA-1
(06/06/02)

BOND PURCHASE AGREEMENT

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

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (Inwood Phase IIA)
(Local Government)

W I T N E S S E T H:

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

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

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

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

Revolving Fund" (hereinafter the "Fund");

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

1.8 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

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

Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ 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 Bond Purchase Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

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

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

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

ARTICLE III

Conditions to Purchase of Local Bonds;
Issuance of Local Bonds

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

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

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

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the

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

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

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

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

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

3.2 Subject to the terms and provisions of this Bond Purchase Agreement,

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

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

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

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to

the Local Bonds and with the prior written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that the Local Government is in compliance with the terms and provisions of the Local Act and this Bond Purchase Agreement and that the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

exceed any statutory limitation with regard thereto.

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

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

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

ARTICLE V

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

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

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

forth in the Local Act and this Bond Purchase Agreement.

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

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

ARTICLE VI

Other Agreements of the Local Government

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

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

any supporting documentation or has violated any of the terms of the Act, the SRF Regulations or this Bond Purchase Agreement.

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are

not appropriated or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

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

BERKELEY COUNTY PSSD
[Name of Local Government]

(SEAL)

By: _____
Its: Chairman
Date: August 19, 2002

Attest:

_____
Its: Secretary

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER RESOURCES

By: _____
Its: Director
Date: 8-20-02

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: August 20, 2002

Attest:

_____
Its: Secretary-Treasurer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 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 C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

_____

By _____

West Virginia License No. __

[SEAL]

---

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The Local Government that receives $300,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. REVISED Schedule A.

D. FINAL title opimion.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$_____
Principal	$_____
Total:	$_____
Reserve Account:	$_____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$30,500,000
Purchase Price of Local Bonds	$30,500,000

The Local Bonds shall bear no interest. Commencing June 1, 2004, principal of the Local Bonds is payable quarterly, with an administrative fee of ½%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

See next page.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
SEWER REVENUE BONDS
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

SERIES	ISSUED	AMOUNT
1986B	03/07/86	$1,638,194
1990A	05/03/90	828,629
1994A	10/05/94	494,288
1994C	11/17/94	2,772,879*
1995A	02/09/95	3,837,640*
1995B	12/29/95	2,138,506*
1996A	02/13/96	319,902*
1996B	05/01/96	2,628,633*
1996C	05/01/96	837,579*
1997A	06/12/97	148,000*
1997B	12/11/97	1,250,000*
1999A	10/28/99	30,707,296*
2000A	05/25/00	937,500*
2001A	03/30/01	429,000**
2001B	08/07/01	2,909,850*
2002A	05/09/02	750,000*
2002B	07/02/02	456,548*

*Clean Water State Revolving Fund
**West Virginia Infrastructure Fund

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS

1996D	07/11/96	$4,770,000

Berkeley County PSSD

Loan of $30,500,000
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: August 28, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	254,167.00	-	254,167.00
9/01/2004	254,167.00	-	254,167.00
12/01/2004	254,167.00	-	254,167.00
3/01/2005	254,167.00	-	254,167.00
6/01/2005	254,167.00	-	254,167.00
9/01/2005	254,167.00	-	254,167.00
12/01/2005	254,167.00	-	254,167.00
3/01/2006	254,167.00	-	254,167.00
6/01/2006	254,167.00	-	254,167.00
9/01/2006	254,167.00	-	254,167.00
12/01/2006	254,167.00	-	254,167.00
3/01/2007	254,167.00	-	254,167.00
6/01/2007	254,167.00	-	254,167.00
9/01/2007	254,167.00	-	254,167.00
12/01/2007	254,167.00	-	254,167.00
3/01/2008	254,167.00	-	254,167.00
6/01/2008	254,167.00	-	254,167.00
9/01/2008	254,167.00	-	254,167.00
12/01/2008	254,167.00	-	254,167.00
3/01/2009	254,167.00	-	254,167.00
6/01/2009	254,167.00	-	254,167.00
9/01/2009	254,167.00	-	254,167.00
12/01/2009	254,167.00	-	254,167.00
3/01/2010	254,167.00	-	254,167.00
6/01/2010	254,167.00	-	254,167.00
9/01/2010	254,167.00	-	254,167.00
12/01/2010	254,167.00	-	254,167.00
3/01/2011	254,167.00	-	254,167.00
6/01/2011	254,167.00	-	254,167.00
9/01/2011	254,167.00	-	254,167.00
12/01/2011	254,167.00	-	254,167.00
3/01/2012	254,167.00	-	254,167.00
6/01/2012	254,167.00	-	254,167.00
9/01/2012	254,167.00	-	254,167.00
12/01/2012	254,167.00	-	254,167.00
3/01/2013	254,167.00	-	254,167.00
6/01/2013	254,167.00	-	254,167.00
9/01/2013	254,167.00	-	254,167.00
12/01/2013	254,167.00	-	254,167.00
3/01/2014	254,167.00	-	254,167.00

Berkeley County PSSD
Loan of $30,500,000
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: August 28, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	254,167.00	-	254,167.00
9/01/2014	254,167.00	-	254,167.00
12/01/2014	254,167.00	-	254,167.00
3/01/2015	254,167.00	-	254,167.00
6/01/2015	254,167.00	-	254,167.00
9/01/2015	254,167.00	-	254,167.00
12/01/2015	254,167.00	-	254,167.00
3/01/2016	254,167.00	-	254,167.00
6/01/2016	254,167.00	-	254,167.00
9/01/2016	254,167.00	-	254,167.00
12/01/2016	254,167.00	-	254,167.00
3/01/2017	254,167.00	-	254,167.00
6/01/2017	254,167.00	-	254,167.00
9/01/2017	254,167.00	-	254,167.00
12/01/2017	254,167.00	-	254,167.00
3/01/2018	254,167.00	-	254,167.00
6/01/2018	254,167.00	-	254,167.00
9/01/2018	254,167.00	-	254,167.00
12/01/2018	254,167.00	-	254,167.00
3/01/2019	254,167.00	-	254,167.00
6/01/2019	254,167.00	-	254,167.00
9/01/2019	254,167.00	-	254,167.00
12/01/2019	254,167.00	-	254,167.00
3/01/2020	254,167.00	-	254,167.00
6/01/2020	254,167.00	-	254,167.00
9/01/2020	254,167.00	-	254,167.00
12/01/2020	254,167.00	-	254,167.00
3/01/2021	254,167.00	-	254,167.00
6/01/2021	254,167.00	-	254,167.00
9/01/2021	254,167.00	-	254,167.00
12/01/2021	254,167.00	-	254,167.00
3/01/2022	254,167.00	-	254,167.00
6/01/2022	254,167.00	-	254,167.00
9/01/2022	254,167.00	-	254,167.00
12/01/2022	254,167.00	-	254,167.00
3/01/2023	254,167.00	-	254,167.00
6/01/2023	254,167.00	-	254,167.00
9/01/2023	254,167.00	-	254,167.00
12/01/2023	254,167.00	-	254,167.00
3/01/2024	254,167.00	-	254,167.00
6/01/2024	254,166.00	-	254,166.00
9/01/2024	254,166.00	-	254,166.00
12/01/2024	254,166.00	-	254,166.00
3/01/2025	254,166.00	-	254,166.00
6/01/2025	254,166.00	-	254,166.00
9/01/2025	254,166.00	-	254,166.00
12/01/2025	254,166.00	-	254,166.00

Berkeley County PSSD (West Virginia)

Loan of $30,500,000
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: August 28, 2002

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I	Expenses	Net New D/S
3/01/2026	254,166.00	-	254,166.00	10,484.35	264,650.35
6/01/2026	254,166.00	-	254,166.00	10,166.64	264,332.64
9/01/2026	254,166.00	-	254,166.00	9,848.94	264,014.94
12/01/2026	254,166.00	-	254,166.00	9,531.23	263,697.23
3/01/2027	254,166.00	-	254,166.00	9,213.52	263,379.52
6/01/2027	254,166.00	-	254,166.00	8,895.81	263,061.81
9/01/2027	254,166.00	-	254,166.00	8,578.11	262,744.11
12/01/2027	254,166.00	-	254,166.00	8,260.40	262,426.40
3/01/2028	254,166.00	-	254,166.00	7,942.69	262,108.69
6/01/2028	254,166.00	-	254,166.00	7,624.98	261,790.98
9/01/2028	254,166.00	-	254,166.00	7,307.28	261,473.28
12/01/2028	254,166.00	-	254,166.00	6,989.57	261,155.57
3/01/2029	254,166.00	-	254,166.00	6,671.86	260,837.86
6/01/2029	254,166.00	-	254,166.00	6,354.15	260,520.15
9/01/2029	254,166.00	-	254,166.00	6,036.45	260,202.45
12/01/2029	254,166.00	-	254,166.00	5,718.74	259,884.74
3/01/2030	254,166.00	-	254,166.00	5,401.03	259,567.03
6/01/2030	254,166.00	-	254,166.00	5,083.32	259,249.32
9/01/2030	254,166.00	-	254,166.00	4,765.62	258,931.62
12/01/2030	254,166.00	-	254,166.00	4,447.91	258,613.91
3/01/2031	254,166.00	-	254,166.00	4,130.20	258,296.20
6/01/2031	254,166.00	-	254,166.00	3,812.49	257,978.49
9/01/2031	254,166.00	-	254,166.00	3,494.79	257,660.79
12/01/2031	254,166.00	-	254,166.00	3,177.08	257,343.08
3/01/2032	254,166.00	-	254,166.00	2,859.37	257,025.37
6/01/2032	254,166.00	-	254,166.00	2,541.66	256,707.66
9/01/2032	254,166.00	-	254,166.00	2,223.96	256,389.96
12/01/2032	254,166.00	-	254,166.00	1,906.25	256,072.25
3/01/2033	254,166.00	-	254,166.00	1,588.54	255,754.54
6/01/2033	254,166.00	-	254,166.00	1,270.83	255,436.83
9/01/2033	254,166.00	-	254,166.00	953.13	255,119.13
12/01/2033	254,166.00	-	254,166.00	635.42	254,801.42
3/01/2034	254,166.00	-	254,166.00	317.71	254,483.71
Total	**30,500,000.00**	**-**	**30,500,000.00**	**2,306,561.00**	**32,806,561.00 ***

*Plus $19,221.34 one-half percent administrative fee paid quarterly. Total fee is $2,306,560.80.

WDA-LP II
(03/26/02)

LOAN AGREEMENT

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

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (Inwood Phase IIA)
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a water development 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 water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents and representatives 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 with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized 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 Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, 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 Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

the particular contract as security for the faithful performance of such contract and shall verify or shall have verified such bonds prior to commencement of construction.

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency 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 Governmental Agency 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 shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the General Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the General Resolution or any tax

or arbitrage certificate with respect to the exclusion of the interest on the Authority's water development revenue bonds from gross income of the holders thereof for federal income tax purposes;

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

(f) The Governmental Agency 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 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, to such effect;

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

(h) 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 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, 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 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, 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 shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than 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 and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Authority.

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

and until it has available funds sufficient to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Authority:

(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, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) 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

(which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) 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) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) 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 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, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

(iv) That, except as otherwise required by State law or with the written consent of 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 outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

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

(vii) That the Governmental Agency 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 Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local

Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's 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 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, 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 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, 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 shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and except in compliance with the restrictions contained in this Loan Agreement;

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

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's water development revenue bonds;

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

(xix) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, 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, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority 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 West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

(xxi) 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;

(xxii) 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 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;

(xxiii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer;

(xxv) That the Governmental Agency shall list the funding provided by the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project;

(xxvi) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State of West Virginia;

(xxvii) That, as a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a tax or arbitrage certificate satisfactory to the Authority; and

(xxviii) 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 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 Authority 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 Governmental Agency 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 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.

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually 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 semiannual basis as provided in said Schedule X.

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

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include, without limitation, Program expenses, legal

fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

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

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System 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 Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (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 Governmental Agency 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 Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 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.

6.6 Notwithstanding Section 6.5, 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.

6.7 The Governmental Agency hereby agrees to give the Authority 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.

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

ARTICLE VII

Miscellaneous

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

7.2 Schedules X 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 Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, 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.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

BERKELEY COUNTY PSSD
[Name of Governmental Agency]

(SEAL)

By: Robert L. Hoover Sr.
Its: Chairman
Date: August 28, 2002

Attest:

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyntpasky
Its: Director
Date: August 28, 2002

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

00832/00302
08/02/02

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"), 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 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 A attached hereto as Exhibit A and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] 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 set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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") 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 payable semiannually on April 1 and October 1 of each year, commencing _____ 1, ____, at the rate of __% per annum, and with principal payable annually on October 1 of each year, commencing _____ 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 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 to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and 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 Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency 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 Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

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

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

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

Very truly yours,

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

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 — You will need a copy of the current fiscal year budget adopted by the Governmental Agency 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 Governmental Agency 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 Governmental Agency.

The Governmental Agency 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 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 X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $4,965,465
Purchase Price of Local Bonds $4,965,465

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5.8% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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 Governmental Agency:

See next page.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
SEWER REVENUE BONDS
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

SERIES	ISSUED	AMOUNT
1986B	03/07/86	$1,638,194
1990A	05/03/90	828,629
1994A	10/05/94	494,288
1994C	11/17/94	2,772,879*
1995A	02/09/95	3,837,640*
1995B	12/29/95	2,138,506*
1996A	02/13/96	319,902*
1996B	05/01/96	2,628,633*
1996C	05/01/96	837,579*
1997A	06/12/97	148,000*
1997B	12/11/97	1,250,000*
1999A	10/28/99	30,707,296*
2000A	05/25/00	937,500*
2001A	03/30/01	429,000**
2001B	08/07/01	2,909,850*
2002A	05/09/02	750,000*
2002B	07/02/02	456,548*

*Clean Water State Revolving Fund
**West Virginia Infrastructure Fund

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS

1996D	07/11/96	$4,770,000

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

WDA Loan Program II, 1999 Series A
$4,965,465, Interest Rate: 5.80%
Closing Date: August 28, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2002	-	-	26,399.72	26,399.72
4/01/2003	-	-	143,998.49	143,998.49
10/01/2003	-	-	143,998.49	143,998.49
4/01/2004	-	-	143,998.49	143,998.49
10/01/2004	-	-	143,998.49	143,998.49
4/01/2005	-	-	143,998.49	143,998.49
10/01/2005	46,493.00	5.800%	143,998.49	190,491.49
4/01/2006	-	-	142,650.19	142,650.19
10/01/2006	49,189.00	5.800%	142,650.19	191,839.19
4/01/2007	-	-	141,223.71	141,223.71
10/01/2007	52,042.00	5.800%	141,223.71	193,265.71
4/01/2008	-	-	139,714.49	139,714.49
10/01/2008	55,061.00	5.800%	139,714.49	194,775.49
4/01/2009	-	-	138,117.72	138,117.72
10/01/2009	58,254.00	5.800%	138,117.72	196,371.72
4/01/2010	-	-	136,428.35	136,428.35
10/01/2010	61,633.00	5.800%	136,428.35	198,061.35
4/01/2011	-	-	134,641.00	134,641.00
10/01/2011	65,208.00	5.800%	134,641.00	199,849.00
4/01/2012	-	-	132,749.97	132,749.97
10/01/2012	68,990.00	5.800%	132,749.97	201,739.97
4/01/2013	-	-	130,749.26	130,749.26
10/01/2013	72,991.00	5.800%	130,749.26	203,740.26
4/01/2014	-	-	128,632.52	128,632.52
10/01/2014	77,225.00	5.800%	128,632.52	205,857.52
4/01/2015	-	-	126,392.99	126,392.99
10/01/2015	81,704.00	5.800%	126,392.99	208,096.99
4/01/2016	-	-	124,023.58	124,023.58
10/01/2016	86,442.00	5.800%	124,023.58	210,465.58
4/01/2017	-	-	121,516.76	121,516.76
10/01/2017	91,456.00	5.800%	121,516.76	212,972.76
4/01/2018	-	-	118,864.53	118,864.53
10/01/2018	96,760.00	5.800%	118,864.53	215,624.53
4/01/2019	-	-	116,058.49	116,058.49
10/01/2019	102,373.00	5.800%	116,058.49	218,431.49
4/01/2020	-	-	113,089.68	113,089.68
10/01/2020	108,310.00	5.800%	113,089.68	221,399.68
4/01/2021	-	-	109,948.69	109,948.69
10/01/2021	114,592.00	5.800%	109,948.69	224,540.69
4/01/2022	-	-	106,625.52	106,625.52
10/01/2022	121,238.00	5.800%	106,625.52	227,863.52
4/01/2023	-	-	103,109.62	103,109.62
10/01/2023	128,270.00	5.800%	103,109.62	231,379.62
4/01/2024	-	-	99,389.79	99,389.79
10/01/2024	135,710.00	5.800%	99,389.79	235,099.79
4/01/2025	-	-	95,454.20	95,454.20
10/01/2025	143,581.00	5.800%	95,454.20	239,035.20

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

WDA Loan Program II, 1999 Series A
$4,965,465, Interest Rate: 5.80%
Closing Date: August 28, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2026	-	-	91,290.35	91,290.35
10/01/2026	151,909.00	5.800%	91,290.35	243,199.35
4/01/2027	-	-	86,884.99	86,884.99
10/01/2027	160,720.00	5.800%	86,884.99	247,604.99
4/01/2028	-	-	82,224.11	82,224.11
10/01/2028	170,041.00	5.800%	82,224.11	252,265.11
4/01/2029	-	-	77,292.92	77,292.92
10/01/2029	179,904.00	5.800%	77,292.92	257,196.92
4/01/2030	-	-	72,075.70	72,075.70
10/01/2030	190,338.00	5.800%	72,075.70	262,413.70
4/01/2031	-	-	66,555.90	66,555.90
10/01/2031	201,378.00	5.800%	66,555.90	267,933.90
4/01/2032	-	-	60,715.94	60,715.94
10/01/2032	213,058.00	5.800%	60,715.94	273,773.94
4/01/2033	-	-	54,537.26	54,537.26
10/01/2033	225,415.00	5.800%	54,537.26	279,952.26
4/01/2034	-	-	48,000.22	48,000.22
10/01/2034	238,489.00	5.800%	48,000.22	286,489.22
4/01/2035	-	-	41,084.04	41,084.04
10/01/2035	252,321.00	5.800%	41,084.04	293,405.04
4/01/2036	-	-	33,766.73	33,766.73
10/01/2036	266,956.00	5.800%	33,766.73	300,722.73
4/01/2037	-	-	26,025.01	26,025.01
10/01/2037	282,440.00	5.800%	26,025.01	308,465.01
4/01/2038	-	-	17,834.25	17,834.25
10/01/2038	298,821.00	5.800%	17,834.25	316,655.25
4/01/2039	-	-	9,168.44	9,168.44
10/01/2039	316,153.00	5.800%	9,168.44	325,321.44
Total	**4,965,465.00**	**-**	**7,344,064.50**	**12,309,529.50**

YIELD STATISTICS

Bond Year Dollars	$126,621.80
Average Life	25.500 Years
Average Coupon	5.8000001%
Net Interest Cost (NIC)	5.8000001%
True Interest Cost (TIC)	5.8004899%
Bond Yield for Arbitrage Purposes	5.8004899%
All Inclusive Cost (AIC)	5.8004899%

IRS FORM 8038

Net Interest Cost	5.8000001%
Weighted Average Maturity	25.500 Years

SCHEDULE Z

None.

WDA-SF
(08/02/02)

LOAN AGREEMENT

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

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (Inwood Phase IIA)
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies, 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 of West Virginia (the "State") to acquire, construct, improve, operate and maintain a water development 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 water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

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

Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Supplemental Fund of the Authority, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

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

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

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority, 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 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents and representatives 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 with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized 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 Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, 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 Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

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

Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. 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 is 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 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 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 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.

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

(c) The Governmental Agency 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 Governmental Agency 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 shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act;

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

(f) The Governmental Agency 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 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, to such effect;

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

(h) 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 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, 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 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, 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 shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than 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 and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans from the Program to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Authority:

(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, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) 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 (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) 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) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) 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 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, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

(iv) That, except as otherwise required by State law or with the written consent of 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 outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

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

(vii) That the Governmental Agency 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 Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's 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 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, 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 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, 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 shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and except in compliance with the restrictions contained in this Loan Agreement;

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

(xvii) That, if required by the Authority, the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds;

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

(xix) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, 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, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority 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 West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

(xxi) 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;

(xxii) 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 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;

(xxiii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request, or, if applicable, the Governmental Agency shall annually furnish to the Authority such information with respect to the Governmental Agency's use of the proceeds of the Local Bonds and any additional information requested by the Authority;

(xxiv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer;

(xxv) That the Governmental Agency shall list the funding provided by the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project;

(xxvi) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal assistance for pollution abatement in order to

maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State of West Virginia;

(xxvii) That, as a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a tax and non-arbitrage certificate or a certificate with respect to the used of proceeds of the Local Bonds satisfactory to the Authority; and

(xxviii) 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 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 Authority 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 Governmental Agency 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 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.

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually 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 semiannual basis as provided in said Schedule X.

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

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

4.6 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System 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 Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (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 Governmental Agency 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 Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

6.3 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or

design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.4 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.

6.5 Notwithstanding Section 6.4, 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.

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

ARTICLE VII

Miscellaneous

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

7.2 Schedules X 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 Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, 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.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

BERKELEY COUNTY PSSD
[Name of Governmental Agency]

(SEAL)

By: Robert L. Shaw Sr.
Its: Chairman
Date: August 28, 2002

Attest:

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyonkovsky
Its: Director
Date: August 28, 2002

Attest:

Barbara B. Meadows
Its: Secretary-Treasurer

00832/00302
08/02/02

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"), 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 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 A attached hereto as Exhibit A and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] 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 set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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") 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 payable semiannually on April 1 and October 1 of each year, commencing _____ 1, _____, at the rate of __% per annum, and with principal payable annually on October 1 of each year, commencing _____ 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 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 to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and 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 Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency 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 Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

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

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

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

Very truly yours,

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

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 — You will need a copy of the current fiscal year budget adopted by the Governmental Agency 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 Governmental Agency 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 Governmental Agency.

The Governmental Agency 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 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 X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $560,822
Purchase Price of Local Bonds $560,822

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5.8 per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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 Governmental Agency:

See next page.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
SEWER REVENUE BONDS
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

SERIES	ISSUED	AMOUNT
1986B	03/07/86	$1,638,194
1990A	05/03/90	828,629
1994A	10/05/94	494,288
1994C	11/17/94	2,772,879*
1995A	02/09/95	3,837,640*
1995B	12/29/95	2,138,506*
1996A	02/13/96	319,902*
1996B	05/01/96	2,628,633*
1996C	05/01/96	837,579*
1997A	06/12/97	148,000*
1997B	12/11/97	1,250,000*
1999A	10/28/99	30,707,296*
2000A	05/25/00	937,500*
2001A	03/30/01	429,000**
2001B	08/07/01	2,909,850*
2002A	05/09/02	750,000*
2002B	07/02/02	456,548*

*Clean Water State Revolving Fund
**West Virginia Infrastructure Fund

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS

1996D	07/11/96	$4,770,000

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

WDA Supplemental Loan of $560,822
5.80% Interest Rate
Closing Date: August 28, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2002	-	-	2,981.70	2,981.70
4/01/2003	-	-	16,263.84	16,263.84
10/01/2003	-	-	16,263.84	16,263.84
4/01/2004	-	-	16,263.84	16,263.84
10/01/2004	-	-	16,263.84	16,263.84
4/01/2005	-	-	16,263.84	16,263.84
10/01/2005	4,612.00	5.800%	16,263.84	20,875.84
4/01/2006	-	-	16,130.09	16,130.09
10/01/2006	4,879.00	5.800%	16,130.09	21,009.09
4/01/2007	-	-	15,988.60	15,988.60
10/01/2007	5,162.00	5.800%	15,988.60	21,150.60
4/01/2008	-	-	15,838.90	15,838.90
10/01/2008	5,462.00	5.800%	15,838.90	21,300.90
4/01/2009	-	-	15,680.50	15,680.50
10/01/2009	5,778.00	5.800%	15,680.50	21,458.50
4/01/2010	-	-	15,512.94	15,512.94
10/01/2010	6,114.00	5.800%	15,512.94	21,626.94
4/01/2011	-	-	15,335.64	15,335.64
10/01/2011	6,468.00	5.800%	15,335.64	21,803.64
4/01/2012	-	-	15,148.06	15,148.06
10/01/2012	6,843.00	5.800%	15,148.06	21,991.06
4/01/2013	-	-	14,949.62	14,949.62
10/01/2013	7,240.00	5.800%	14,949.62	22,189.62
4/01/2014	-	-	14,739.66	14,739.66
10/01/2014	7,660.00	5.800%	14,739.66	22,399.66
4/01/2015	-	-	14,517.52	14,517.52
10/01/2015	8,104.00	5.800%	14,517.52	22,621.52
4/01/2016	-	-	14,282.50	14,282.50
10/01/2016	8,575.00	5.800%	14,282.50	22,857.50
4/01/2017	-	-	14,033.83	14,033.83
10/01/2017	9,072.00	5.800%	14,033.83	23,105.83
4/01/2018	-	-	13,770.74	13,770.74
10/01/2018	9,598.00	5.800%	13,770.74	23,368.74
4/01/2019	-	-	13,492.40	13,492.40
10/01/2019	10,155.00	5.800%	13,492.40	23,647.40
4/01/2020	-	-	13,197.90	13,197.90
10/01/2020	10,744.00	5.800%	13,197.90	23,941.90
4/01/2021	-	-	12,886.32	12,886.32
10/01/2021	11,367.00	5.800%	12,886.32	24,253.32
4/01/2022	-	-	12,556.68	12,556.68
10/01/2022	12,026.00	5.800%	12,556.68	24,582.68
4/01/2023	-	-	12,207.93	12,207.93
10/01/2023	12,724.00	5.800%	12,207.93	24,931.93
4/01/2024	-	-	11,838.93	11,838.93
10/01/2024	13,462.00	5.800%	11,838.93	25,300.93
4/01/2025	-	-	11,448.53	11,448.53
10/01/2025	14,242.00	5.800%	11,448.53	25,690.53

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

WDA Supplemental Loan of $560,822
5.80% Interest Rate
Closing Date: August 28, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2026	-	-	11,035.52	11,035.52
10/01/2026	15,068.00	5.800%	11,035.52	26,103.52
4/01/2027	-	-	10,598.54	10,598.54
10/01/2027	15,942.00	5.800%	10,598.54	26,540.54
4/01/2028	-	-	10,136.23	10,136.23
10/01/2028	16,867.00	5.800%	10,136.23	27,003.23
4/01/2029	-	-	9,647.08	9,647.08
10/01/2029	17,845.00	5.800%	9,647.08	27,492.08
4/01/2030	-	-	9,129.58	9,129.58
10/01/2030	18,880.00	5.800%	9,129.58	28,009.58
4/01/2031	-	-	8,582.06	8,582.06
10/01/2031	19,975.00	5.800%	8,582.06	28,557.06
4/01/2032	-	-	8,002.78	8,002.78
10/01/2032	21,134.00	5.800%	8,002.78	29,136.78
4/01/2033	-	-	7,389.90	7,389.90
10/01/2033	22,360.00	5.800%	7,389.90	29,749.90
4/01/2034	-	-	6,741.46	6,741.46
10/01/2034	23,656.00	5.800%	6,741.46	30,397.46
4/01/2035	-	-	6,055.43	6,055.43
10/01/2035	25,029.00	5.800%	6,055.43	31,084.43
4/01/2036	-	-	5,329.59	5,329.59
10/01/2036	26,480.00	5.800%	5,329.59	31,809.59
4/01/2037	-	-	4,561.67	4,561.67
10/01/2037	28,016.00	5.800%	4,561.67	32,577.67
4/01/2038	-	-	3,749.21	3,749.21
10/01/2038	29,641.00	5.800%	3,749.21	33,390.21
4/01/2039	-	-	2,889.62	2,889.62
10/01/2039	31,360.00	5.800%	2,889.62	34,249.62
4/01/2040	-	-	1,980.18	1,980.18
10/01/2040	33,179.00	5.800%	1,980.18	35,159.18
4/01/2041	-	-	1,017.99	1,017.99
10/01/2041	35,103.00	5.800%	1,017.99	36,120.99
Total	**560,822.00**	**-**	**881,373.00**	**1,442,195.00**

Ferris, Baker Watts
West Virginia Public Finance Office

File = Berkeley County PSSD Loans.SF-WDA 8-16-02
8/16/2002 4:43 PM

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BOND, SERIES 2002 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-1 $30,500,000

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from t`he special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of THIRTY MILLION FIVE HUNDRED THOUSAND DOLLARS ($30,500,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2004, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2004, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated August 20, 2002.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions 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 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on August 27, 2002, and a Supplemental Resolution duly adopted by the Issuer on August 27, 2002 (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 FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1986 B, DATED MARCH 7, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,638,194 (THE "SERIES 1986 B BONDS");

(2) SEWER REVENUE BONDS, SERIES 1990 A, DATED MAY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $828,629 (THE "SERIES 1990 A BONDS");

(3) SEWER REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 5, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $494,288 (THE "SERIES 1994 A BONDS");

(4) SEWER REVENUE BONDS, SERIES 1994 C (WEST VIRGINIA SRF PROGRAM), DATED NOVEMBER 17, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,772,879 (THE "SERIES 1994 C BONDS");

(5) SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 9, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,837,640 (THE "SERIES 1995 A BONDS");

(6) SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,138,506 (THE "SERIES 1995 B BONDS");

(7) SEWER REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 13, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $319,902 (THE "SERIES 1996 A BONDS");

(8) SEWER REVENUE BONDS, SERIES 1996 B (WEST VIRGINIA SRF PROGRAM), DATED MAY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,628,633 (THE "SERIES 1996 B BONDS");

(9) SEWER REVENUE BONDS, SERIES 1996 C (WEST VIRGINIA SRF PROGRAM), DATED MAY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $837,579 (THE "SERIES 1996 C BONDS");

(10) SEWER REVENUE BONDS, SERIES 1996 D, DATED JUNE 15, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,770,000 (THE "SERIES 1996 D BONDS");

(11) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 12, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $148,000 (THE "SERIES 1997 a BONDS");

(12) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,250,000 (THE "SERIES 1997 B BONDS");

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(13) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,707,296 (THE "SERIES 1999 A BONDS");

(14) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $937,500 (THE "SERIES 2000 A BONDS");

(15) SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 30, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $429,000 (THE "SERIES 2001 A BONDS");

(16) SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA IN SRF PROGRAM), DATED AUGUST 7, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,909,850 (THE "SERIES 2001 B BONDS");

(17) SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 9, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 2002 A BONDS");

(18) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WEST VIRGINIA SRF PROGRAM), DATED JULY 11, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $456,548 (THE "SERIES 2002 B BONDS");

(19) SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 28, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,965,465 (THE "SERIES 2002 D BONDS"); AND

SPECIMEN

(20) SEWER REVENUE BONDS, SERIES 2002 E (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 28, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $560,822 (THE "SERIES 2002 E BONDS").

THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS AND THE SERIES 2002 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1990 B, DATED MAY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $38,669 (THE "SERIES 1990 B BONDS");

(2) SEWER REVENUE BONDS, SERIES 1994 B, DATED DECEMBER 1, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 1994 B BONDS"); AND

(3) SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,000,000 (THE "NOTES").

THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE

SPECIMEN

SERIES 1990 B BONDS, THE SERIES 1994 B BONDS AND THE NOTES ARE HEREINAFTER COLLECTIVELY CALLED 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 First Lien Bonds, the Series 2002 D Bonds, the Series 2002 E Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 C 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, or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2002 C 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 or junior to the Bonds, including the Prior Bonds, the Series 2002 D Bonds and the Series 2002 E Bonds; provided however, that so long as there exists in the Series 2002 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, the Series 2002 D Bonds and the Series 2002 E 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 Branch Banking and Trust Company, 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.

SPECIMEN

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

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

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

SPECIMEN

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT 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 August 28, 2002.

[SEAL]

Chairman

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 28, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

SPECIMEN

Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 1,525,000.00	August 28, 2002	(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 $

SPECIMEN

EXHIBIT B

DEBT SERVICE SCHEDULE

Berkeley County PSSD
Loan of $30,500,000
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: August 28, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	254,167.00	-	254,167.00
9/01/2004	254,167.00	-	254,167.00
12/01/2004	254,167.00	-	254,167.00
3/01/2005	254,167.00	-	254,167.00
6/01/2005	254,167.00	-	254,167.00
9/01/2005	254,167.00	-	254,167.00
12/01/2005	254,167.00	-	254,167.00
3/01/2006	254,167.00	-	254,167.00
6/01/2006	254,167.00	-	254,167.00
9/01/2006	254,167.00	-	254,167.00
12/01/2006	254,167.00	-	254,167.00
3/01/2007	254,167.00	-	254,167.00
6/01/2007	254,167.00	-	254,167.00
9/01/2007	254,167.00	-	254,167.00
12/01/2007	254,167.00	-	254,167.00
3/01/2008	254,167.00	-	254,167.00
6/01/2008	254,167.00	-	254,167.00
9/01/2008	254,167.00	-	254,167.00
12/01/2008	254,167.00	-	254,167.00
3/01/2009	254,167.00	-	254,167.00
6/01/2009	254,167.00	-	254,167.00
9/01/2009	254,167.00	-	254,167.00
12/01/2009	254,167.00	-	254,167.00
3/01/2010	254,167.00	-	254,167.00
6/01/2010	254,167.00	-	254,167.00
9/01/2010	254,167.00	-	254,167.00
12/01/2010	254,167.00	-	254,167.00
3/01/2011	254,167.00	-	254,167.00
6/01/2011	254,167.00	-	254,167.00
9/01/2011	254,167.00	-	254,167.00
12/01/2011	254,167.00	-	254,167.00
3/01/2012	254,167.00	-	254,167.00
6/01/2012	254,167.00	-	254,167.00
9/01/2012	254,167.00	-	254,167.00
12/01/2012	254,167.00	-	254,167.00
3/01/2013	254,167.00	-	254,167.00
6/01/2013	254,167.00	-	254,167.00
9/01/2013	254,167.00	-	254,167.00
12/01/2013	254,167.00	-	254,167.00
3/01/2014	254,167.00	-	254,167.00

SPECIMEN

Berkeley County PSSD
Loan of $30,500,000
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: August 28, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	254,167.00	-	254,167.00
9/01/2014	254,167.00	-	254,167.00
12/01/2014	254,167.00	-	254,167.00
3/01/2015	254,167.00	-	254,167.00
6/01/2015	254,167.00	-	254,167.00
9/01/2015	254,167.00	-	254,167.00
12/01/2015	254,167.00	-	254,167.00
3/01/2016	254,167.00	-	254,167.00
6/01/2016	254,167.00	-	254,167.00
9/01/2016	254,167.00	-	254,167.00
12/01/2016	254,167.00	-	254,167.00
3/01/2017	254,167.00	-	254,167.00
6/01/2017	254,167.00	-	254,167.00
9/01/2017	254,167.00	-	254,167.00
12/01/2017	254,167.00	-	254,167.00
3/01/2018	254,167.00	-	254,167.00
6/01/2018	254,167.00	-	254,167.00
9/01/2018	254,167.00	-	254,167.00
12/01/2018	254,167.00	-	254,167.00
3/01/2019	254,167.00	-	254,167.00
6/01/2019	254,167.00	-	254,167.00
9/01/2019	254,167.00	-	254,167.00
12/01/2019	254,167.00	-	254,167.00
3/01/2020	254,167.00	-	254,167.00
6/01/2020	254,167.00	-	254,167.00
9/01/2020	254,167.00	-	254,167.00
12/01/2020	254,167.00	-	254,167.00
3/01/2021	254,167.00	-	254,167.00
6/01/2021	254,167.00	-	254,167.00
9/01/2021	254,167.00	-	254,167.00
12/01/2021	254,167.00	-	254,167.00
3/01/2022	254,167.00	-	254,167.00
6/01/2022	254,167.00	-	254,167.00
9/01/2022	254,167.00	-	254,167.00
12/01/2022	254,167.00	-	254,167.00
3/01/2023	254,167.00	-	254,167.00
6/01/2023	254,167.00	-	254,167.00
9/01/2023	254,167.00	-	254,167.00
12/01/2023	254,167.00	-	254,167.00
3/01/2024	254,167.00	-	254,167.00
6/01/2024	254,166.00	-	254,166.00
9/01/2024	254,166.00	-	254,166.00
12/01/2024	254,166.00	-	254,166.00
3/01/2025	254,166.00	-	254,166.00
6/01/2025	254,166.00	-	254,166.00
9/01/2025	254,166.00	-	254,166.00
12/01/2025	254,166.00	-	254,166.00

SPECIMEN

Berkeley County PSSD (West Virginia)

Loan of $30,500,000
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: August 28, 2002

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I	Expenses	Net New D/S
3/01/2026	254,166.00	-	254,166.00	10,484.35	264,650.35
6/01/2026	254,166.00	-	254,166.00	10,166.64	264,332.64
9/01/2026	254,166.00	-	254,166.00	9,848.94	264,014.94
12/01/2026	254,166.00	-	254,166.00	9,531.23	263,697.23
3/01/2027	254,166.00	-	254,166.00	9,213.52	263,379.52
6/01/2027	254,166.00	-	254,166.00	8,895.81	263,061.81
9/01/2027	254,166.00	-	254,166.00	8,578.11	262,744.11
12/01/2027	254,166.00	-	254,166.00	8,260.40	262,426.40
3/01/2028	254,166.00	-	254,166.00	7,942.69	262,108.69
6/01/2028	254,166.00	-	254,166.00	7,624.98	261,790.98
9/01/2028	254,166.00	-	254,166.00	7,307.28	261,473.28
12/01/2028	254,166.00	-	254,166.00	6,989.57	261,155.57
3/01/2029	254,166.00	-	254,166.00	6,671.86	260,837.86
6/01/2029	254,166.00	-	254,166.00	6,354.15	260,520.15
9/01/2029	254,166.00	-	254,166.00	6,036.45	260,202.45
12/01/2029	254,166.00	-	254,166.00	5,718.74	259,884.74
3/01/2030	254,166.00	-	254,166.00	5,401.03	259,567.03
6/01/2030	254,166.00	-	254,166.00	5,083.32	259,249.32
9/01/2030	254,166.00	-	254,166.00	4,765.62	258,931.62
12/01/2030	254,166.00	-	254,166.00	4,447.91	258,613.91
3/01/2031	254,166.00	-	254,166.00	4,130.20	258,296.20
6/01/2031	254,166.00	-	254,166.00	3,812.49	257,978.49
9/01/2031	254,166.00	-	254,166.00	3,494.79	257,660.79
12/01/2031	254,166.00	-	254,166.00	3,177.08	257,343.08
3/01/2032	254,166.00	-	254,166.00	2,859.37	257,025.37
6/01/2032	254,166.00	-	254,166.00	2,541.66	256,707.66
9/01/2032	254,166.00	-	254,166.00	2,223.96	256,389.96
12/01/2032	254,166.00	-	254,166.00	1,906.25	256,072.25
3/01/2033	254,166.00	-	254,166.00	1,588.54	255,754.54
6/01/2033	254,166.00	-	254,166.00	1,270.83	255,436.83
9/01/2033	254,166.00	-	254,166.00	953.13	255,119.13
12/01/2033	254,166.00	-	254,166.00	635.42	254,801.42
3/01/2034	254,166.00	-	254,166.00	317.71	254,483.71
Total	**30,500,000.00**	**-**	**30,500,000.00**	**2,306,561.00**	**32,806,561.00 ***

*Plus $19,221.34 one-half percent administrative fee paid quarterly. Total fee is $2,306,560.80.

Ferris, Baker Watts
West Virginia Public Finance Office

File = Berkeley County PSSD Loans.SF-SRF 07-25-02
7/25/2002 1:51 PM

SPECIMEN

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
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2002 D
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. DR-1 $4,965,465

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public corporation and political subdivision of the State of West Virginia in Berkeley 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 FOUR MILLION NINE HUNDRED SIXTY FIVE THOUSAND FOUR HUNDRED SIXTY FIVE DOLLARS ($4,965,465), in annual installments on October 1 of each year, commencing October 1, 2005, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2002. 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"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated August 28, 2002.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) to capitalize interest on the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions 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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on August 27, 2002, and a Supplemental Resolution duly adopted by the Issuer on August 27, 2002 (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 FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1986 B, DATED MARCH 7, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,638,194 (THE "SERIES 1986 B BONDS");

(2) SEWER REVENUE BONDS, SERIES 1990 A, DATED MAY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $828,629 (THE "SERIES 1990 A BONDS");

(3) SEWER REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 5, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $494,288 (THE "SERIES 1994 A BONDS");

(4) SEWER REVENUE BONDS, SERIES 1994 C (WEST VIRGINIA SRF PROGRAM), DATED NOVEMBER 17, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,772,879 (THE "SERIES 1994 C BONDS");

(5) SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 9, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,837,640 (THE "SERIES 1995 A BONDS");

(6) SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,138,506 (THE "SERIES 1995 B BONDS");

(7) SEWER REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 13, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $319,902 (THE "SERIES 1996 A BONDS");

(8) SEWER REVENUE BONDS, SERIES 1996 B (WEST VIRGINIA SRF PROGRAM), DATED MAY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,628,633 (THE "SERIES 1996 B BONDS");

(9) SEWER REVENUE BONDS, SERIES 1996 C (WEST VIRGINIA SRF PROGRAM), DATED MAY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $837,579 (THE "SERIES 1996 C BONDS");

(10) SEWER REVENUE BONDS, SERIES 1996 D, DATED JUNE 15, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,770,000 (THE "SERIES 1996 D BONDS");

(11) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 12, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $148,000 (THE "SERIES 1997 a BONDS");

SPECIMEN

(12) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,250,000 (THE "SERIES 1997 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,707,296 (THE "SERIES 1999 A BONDS");

(14) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $937,500 (THE "SERIES 2000 A BONDS");

(15) SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 30, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $429,000 (THE "SERIES 2001 A BONDS");

(16) SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA IN SRF PROGRAM), DATED AUGUST 7, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,909,850 (THE "SERIES 2001 B BONDS");

(17) SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 9, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 2002 A BONDS");

(18) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WEST VIRGINIA SRF PROGRAM), DATED JULY 11, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $456,548 (THE "SERIES 2002 B BONDS");

(19) SEWER REVENUE BONDS, SERIES 2002 C (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 28, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,500,000 (THE "SERIES 2002 D BONDS"); AND

(20) SEWER REVENUE BONDS, SERIES 2002 E (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 28, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $560,822 (THE "SERIES 2002 E BONDS").

THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS AND THE SERIES 2002 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1990 B, DATED MAY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $38,669 (THE "SERIES 1990 B BONDS");

(2) SEWER REVENUE BONDS, SERIES 1994 B, DATED DECEMBER 1, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 1994 B BONDS"); AND

(3) SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,000,000 (THE "NOTES").

SPECIMEN

THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 1990 B BONDS, THE SERIES 1994 B BONDS AND THE NOTES ARE HEREINAFTER COLLECTIVELY CALLED 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 First Lien Bonds, the Series 2002 C Bonds and the Series 2002 E Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 D Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and 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, or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2002 D Bond Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds, the Series 2002 C Bonds and the Series 2002 E Bonds; provided however, that so long as there exists in the Series 2002 D Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, the Series 2002 C Bonds and the Series 2002 E Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

SPECIMEN

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT 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 August 28, 2002.

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

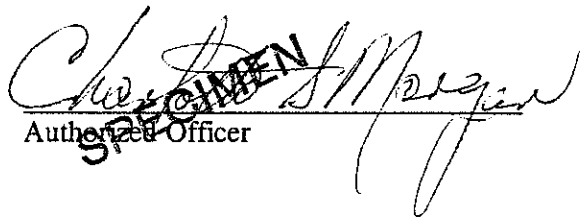
SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 D 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: August 28, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar



Authorized Officer

SPECIMEN

EXHIBIT A

DEBT SERVICE SCHEDULE

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

WDA Loan Program II, 1999 Series A
$4,965,465, Interest Rate: 5.80%
Closing Date: August 28, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2002	-	-	26,399.72	26,399.72
4/01/2003	-	-	143,998.49	143,998.49
10/01/2003	-	-	143,998.49	143,998.49
4/01/2004	-	-	143,998.49	143,998.49
10/01/2004	-	-	143,998.49	143,998.49
4/01/2005	-	-	143,998.49	143,998.49
10/01/2005	46,493.00	5.800%	143,998.49	190,491.49
4/01/2006	-	-	142,650.19	142,650.19
10/01/2006	49,189.00	5.800%	142,650.19	191,839.19
4/01/2007	-	-	141,223.71	141,223.71
10/01/2007	52,042.00	5.800%	141,223.71	193,265.71
4/01/2008	-	-	139,714.49	139,714.49
10/01/2008	55,061.00	5.800%	139,714.49	194,775.49
4/01/2009	-	-	138,117.72	138,117.72
10/01/2009	58,254.00	5.800%	138,117.72	196,371.72
4/01/2010	-	-	136,428.35	136,428.35
10/01/2010	61,633.00	5.800%	136,428.35	198,061.35
4/01/2011	-	-	134,641.00	134,641.00
10/01/2011	65,208.00	5.800%	134,641.00	199,849.00
4/01/2012	-	-	132,749.97	132,749.97
10/01/2012	68,990.00	5.800%	132,749.97	201,739.97
4/01/2013	-	-	130,749.26	130,749.26
10/01/2013	72,991.00	5.800%	130,749.26	203,740.26
4/01/2014	-	-	128,632.52	128,632.52
10/01/2014	77,225.00	5.800%	128,632.52	205,857.52
4/01/2015	-	-	126,392.99	126,392.99
10/01/2015	81,704.00	5.800%	126,392.99	208,096.99
4/01/2016	-	-	124,023.58	124,023.58
10/01/2016	86,442.00	5.800%	124,023.58	210,465.58
4/01/2017	-	-	121,516.76	121,516.76
10/01/2017	91,456.00	5.800%	121,516.76	212,972.76
4/01/2018	-	-	118,864.53	118,864.53
10/01/2018	96,760.00	5.800%	118,864.53	215,624.53
4/01/2019	-	-	116,058.49	116,058.49
10/01/2019	102,373.00	5.800%	116,058.49	218,431.49
4/01/2020	-	-	113,089.68	113,089.68
10/01/2020	108,310.00	5.800%	113,089.68	221,399.68
4/01/2021	-	-	109,948.69	109,948.69
10/01/2021	114,592.00	5.800%	109,948.69	224,540.69
4/01/2022	-	-	106,625.52	106,625.52
10/01/2022	121,238.00	5.800%	106,625.52	227,863.52
4/01/2023	-	-	103,109.62	103,109.62
10/01/2023	128,270.00	5.800%	103,109.62	231,379.62
4/01/2024	-	-	99,389.79	99,389.79
10/01/2024	135,710.00	5.800%	99,389.79	235,099.79
4/01/2025	-	-	95,454.20	95,454.20
10/01/2025	143,581.00	5.800%	95,454.20	239,035.20

SPECIMEN

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

WDA Loan Program II, 1999 Series A
$4,965,465, Interest Rate: 5.80%
Closing Date: August 28, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2026	-	-	91,290.35	91,290.35
10/01/2026	151,909.00	5.800%	91,290.35	243,199.35
4/01/2027	-	-	86,884.99	86,884.99
10/01/2027	160,720.00	5.800%	86,884.99	247,604.99
4/01/2028	-	-	82,224.11	82,224.11
10/01/2028	170,041.00	5.800%	82,224.11	252,265.11
4/01/2029	-	-	77,292.92	77,292.92
10/01/2029	179,904.00	5.800%	77,292.92	257,196.92
4/01/2030	-	-	72,075.70	72,075.70
10/01/2030	190,338.00	5.800%	72,075.70	262,413.70
4/01/2031	-	-	66,555.90	66,555.90
10/01/2031	201,378.00	5.800%	66,555.90	267,933.90
4/01/2032	-	-	60,715.94	60,715.94
10/01/2032	213,058.00	5.800%	60,715.94	273,773.94
4/01/2033	-	-	54,537.26	54,537.26
10/01/2033	225,415.00	5.800%	54,537.26	279,952.26
4/01/2034	-	-	48,000.22	48,000.22
10/01/2034	238,489.00	5.800%	48,000.22	286,489.22
4/01/2035	-	-	41,084.04	41,084.04
10/01/2035	252,321.00	5.800%	41,084.04	293,405.04
4/01/2036	-	-	33,766.73	33,766.73
10/01/2036	266,956.00	5.800%	33,766.73	300,722.73
4/01/2037	-	-	26,025.01	26,025.01
10/01/2037	282,440.00	5.800%	26,025.01	308,465.01
4/01/2038	-	-	17,834.25	17,834.25
10/01/2038	298,821.00	5.800%	17,834.25	316,655.25
4/01/2039	-	-	9,168.44	9,168.44
10/01/2039	316,153.00	5.800%	9,168.44	325,321.44
Total	**4,965,465.00**	**-**	**7,344,064.50**	**12,309,529.50**

YIELD STATISTICS

Bond Year Dollars	$126,621.80
Average Life	25.500 Years
Average Coupon	5.8000001%
Net Interest Cost (NIC)	5.8000001%
True Interest Cost (TIC)	5.8004899%
Bond Yield for Arbitrage Purposes	5.8004899%
All Inclusive Cost (AIC)	5.8004899%

IRS FORM 8038

Net Interest Cost	5.8000001%
Weighted Average Maturity	25.500 Years

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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:

_____

08/26/02
067740.00002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2002 E
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. ER-1 $560,822

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public corporation and political subdivision of the State of West Virginia in Berkeley 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 FIVE HUNDRED SIXTY THOUSAND EIGHT HUNDRED TWENTY TWO DOLLARS ($560,822), in annual installments on October 1 of each year, commencing October 1, 2005, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2002. 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"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated August 28, 2002.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) to capitalize interest on the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public sewerage

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facilities of the Issuer, the Project and any further improvements or extensions 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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on August 27, 2002, and a Supplemental Resolution duly adopted by the Issuer on August 27, 2002 (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 FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1986 B, DATED MARCH 7, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,638,194 (THE "SERIES 1986 B BONDS");

(2) SEWER REVENUE BONDS, SERIES 1990 A, DATED MAY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $828,629 (THE "SERIES 1990 A BONDS");

(3) SEWER REVENUE BONDS, SERIES 1994 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 5, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $494,288 (THE "SERIES 1994 A BONDS");

(4) SEWER REVENUE BONDS, SERIES 1994 C (WEST VIRGINIA SRF PROGRAM), DATED NOVEMBER 17, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,772,879 (THE "SERIES 1994 C BONDS");

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(5) SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 9, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,837,640 (THE "SERIES 1995 A BONDS");

(6) SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,138,506 (THE "SERIES 1995 B BONDS");

(7) SEWER REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 13, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $319,902 (THE "SERIES 1996 A BONDS");

(8) SEWER REVENUE BONDS, SERIES 1996 B (WEST VIRGINIA SRF PROGRAM), DATED MAY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,628,633 (THE "SERIES 1996 B BONDS");

(9) SEWER REVENUE BONDS, SERIES 1996 C (WEST VIRGINIA SRF PROGRAM), DATED MAY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $837,579 (THE "SERIES 1996 C BONDS");

(10) SEWER REVENUE BONDS, SERIES 1996 D, DATED JUNE 15, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,770,000 (THE "SERIES 1996 D BONDS");

(11) SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 12, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $148,000 (THE "SERIES 1997 A BONDS");

SPECIMEN

(12) SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,250,000 (THE "SERIES 1997 B BONDS");

(13) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,707,296 (THE "SERIES 1999 A BONDS");

(14) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $937,500 (THE "SERIES 2000 A BONDS");

(15) SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 30, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $429,000 (THE "SERIES 2001 A BONDS");

(16) SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA IN SRF PROGRAM), DATED AUGUST 7, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,909,850 (THE "SERIES 2001 B BONDS");

(17) SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 9, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $750,000 (THE "SERIES 2002 A BONDS");

(18) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA WEST VIRGINIA SRF PROGRAM), DATED JULY 11, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $456,548 (THE "SERIES 2002 B BONDS");

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(19) SEWER REVENUE BONDS, SERIES 2002 C (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 28, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,500,000 (THE "SERIES 2002 E BONDS"); AND

(20) SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 28, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,965,465 (THE "SERIES 2002 D BONDS").

THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS AND THE SERIES 2002 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER:

(1) SEWER REVENUE BONDS, SERIES 1990 B, DATED MAY 3, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $38,669 (THE "SERIES 1990 B BONDS");

(2) SEWER REVENUE BONDS, SERIES 1994 B, DATED DECEMBER 1, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000 (THE "SERIES 1994 B BONDS"); AND

(3) SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,000,000 (THE "NOTES").

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THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 1990 B BONDS, THE SERIES 1994 B BONDS AND THE NOTE ARE HEREINAFTER COLLECTIVELY CALLED 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 First Lien Bonds, the Series 2002 C Bonds and the Series 2002 D Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 E Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and 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, or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2002 E Bond Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds, the Series 2002 C Bonds and the Series 2002 D Bonds; provided however, that so long as there exists in the Series 2002 E Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, the Series 2002 C Bonds and the Series 2002 D 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.

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

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

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

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT 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 August 28, 2002.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 E 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: August 28, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

SPECIMEN

Authorized Officer

SPECIMEN

EXHIBIT A

DEBT SERVICE SCHEDULE

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
WDA Supplemental Loan of $560,822
5.80% Interest Rate
Closing Date: August 28, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2002	-	-	2,981.70	2,981.70
4/01/2003	-	-	18,263.84	16,263.84
10/01/2003	-	-	18,263.84	16,263.84
4/01/2004	-	-	16,263.84	16,263.84
10/01/2004	-	-	16,263.84	16,263.84
4/01/2005	-	-	16,263.84	16,263.84
10/01/2005	4,612.00	5.800%	16,263.84	20,875.84
4/01/2006	-	-	16,130.09	16,130.09
10/01/2006	4,879.00	5.800%	16,130.09	21,009.09
4/01/2007	-	-	15,988.60	15,988.60
10/01/2007	5,162.00	5.800%	15,988.60	21,150.60
4/01/2008	-	-	15,838.90	15,838.90
10/01/2008	5,462.00	5.800%	15,838.90	21,300.90
4/01/2009	-	-	15,680.50	15,680.50
10/01/2009	5,778.00	5.800%	15,680.50	21,458.50
4/01/2010	-	-	15,512.94	15,512.94
10/01/2010	6,114.00	5.800%	15,512.94	21,626.94
4/01/2011	-	-	15,335.64	15,335.64
10/01/2011	6,468.00	5.800%	15,335.64	21,803.64
4/01/2012	-	-	15,148.06	15,148.06
10/01/2012	6,843.00	5.800%	15,148.06	21,991.06
4/01/2013	-	-	14,949.62	14,949.62
10/01/2013	7,240.00	5.800%	14,949.62	22,189.62
4/01/2014	-	-	14,739.66	14,739.66
10/01/2014	7,660.00	5.800%	14,739.66	22,399.66
4/01/2015	-	-	14,517.52	14,517.52
10/01/2015	8,104.00	5.800%	14,517.52	22,621.52
4/01/2016	-	-	14,282.50	14,282.50
10/01/2016	8,575.00	5.800%	14,282.50	22,857.50
4/01/2017	-	-	14,033.83	14,033.83
10/01/2017	9,072.00	5.800%	14,033.83	23,105.83
4/01/2018	-	-	13,770.74	13,770.74
10/01/2018	9,598.00	5.800%	13,770.74	23,368.74
4/01/2019	-	-	13,492.40	13,492.40
10/01/2019	10,155.00	5.800%	13,492.40	23,647.40
4/01/2020	-	-	13,197.90	13,197.90
10/01/2020	10,744.00	5.800%	13,197.90	23,941.90
4/01/2021	-	-	12,886.32	12,886.32
10/01/2021	11,367.00	5.800%	12,886.32	24,253.32
4/01/2022	-	-	12,556.68	12,556.68
10/01/2022	12,026.00	5.800%	12,556.68	24,582.68
4/01/2023	-	-	12,207.93	12,207.93
10/01/2023	12,724.00	5.800%	12,207.93	24,931.93
4/01/2024	-	-	11,838.93	11,838.93
10/01/2024	13,462.00	5.800%	11,838.93	25,300.93
4/01/2025	-	-	11,448.53	11,448.53
10/01/2025	14,242.00	5.800%	11,448.53	25,690.53

SPECIMEN

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

WDA Supplemental Loan of $560,822
5.80% Interest Rate
Closing Date: August 28, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2026	-	-	11,035.52	11,035.52
10/01/2026	15,068.00	5.800%	11,035.52	26,103.52
4/01/2027	-	-	10,598.54	10,598.54
10/01/2027	15,942.00	5.800%	10,598.54	26,540.54
4/01/2028	-	-	10,136.23	10,136.23
10/01/2028	16,867.00	5.800%	10,136.23	27,003.23
4/01/2029	-	-	9,647.08	9,647.08
10/01/2029	17,845.00	5.800%	9,647.08	27,492.08
4/01/2030	-	-	9,129.58	9,129.58
10/01/2030	18,880.00	5.800%	9,129.58	28,009.58
4/01/2031	-	-	8,582.06	8,582.06
10/01/2031	19,975.00	5.800%	8,582.06	28,557.06
4/01/2032	-	-	8,002.78	8,002.78
10/01/2032	21,134.00	5.800%	8,002.78	29,136.78
4/01/2033	-	-	7,389.90	7,389.90
10/01/2033	22,360.00	5.800%	7,389.90	29,749.90
4/01/2034	-	-	6,741.46	6,741.46
10/01/2034	23,656.00	5.800%	6,741.46	30,397.46
4/01/2035	-	-	6,055.43	6,055.43
10/01/2035	25,029.00	5.800%	6,055.43	31,084.43
4/01/2036	-	-	5,329.59	5,329.59
10/01/2036	26,480.00	5.800%	5,329.59	31,809.59
4/01/2037	-	-	4,561.67	4,561.67
10/01/2037	28,016.00	5.800%	4,561.67	32,577.67
4/01/2038	-	-	3,749.21	3,749.21
10/01/2038	29,641.00	5.800%	3,749.21	33,390.21
4/01/2039	-	-	2,889.62	2,889.62
10/01/2039	31,360.00	5.800%	2,889.62	34,249.62
4/01/2040	-	-	1,980.18	1,980.18
10/01/2040	33,179.00	5.800%	1,980.18	35,159.18
4/01/2041	-	-	1,017.99	1,017.99
10/01/2041	35,103.00	5.800%	1,017.99	36,120.99
Total	**560,822.00**	**-**	**881,373.00**	**1,442,195.00**

Ferris, Baker Watts
West Virginia Public Finance Office

File = Berkeley County PSSD Loans.SF-WDA 8-16-02
8/16/2002 4:43 PM

SPECIMEN

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:

_____

08/26/02
067740.00002

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Writer's Contact Information

August 28, 2002

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2002 C
(West Virginia SRF Program)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Berkeley County Public Service Sewer District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $30,500,000 Sewer Revenue Bonds, Series 2002 C (West Virginia SRF 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 bond purchase agreement dated August 20, 2002, including all schedules and exhibits attached thereto (the "SRF Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the SRF Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest and an Administrative Fee of .5%. The principal is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2004, and maturing March 1, 2034, all as set forth in "Schedule Y" attached to the SRF 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 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

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We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on August 27, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 27, 2002 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bonds are authorized and issued, and the SRF 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 Resolution and the SRF Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution and the SRF 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 Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The SRF 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 DEP and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

3. The Resolution and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Resolution contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the SRF 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 referred to in the Resolution 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 First Lien Bonds and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Second Lien Bonds, Third Lien Bonds and the Notes, 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 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 SRF Agreement and the Resolution, 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 CR-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

08/23/02
067740.00002

STEPTOE & JOHNSON PLLC
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Writer's Contact Information

August 28, 2002

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2002 D and Series 2002 E
(West Virginia Water Development Authority)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Berkeley County Public Service Sewer District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $4,965,465 Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority), and $560,822 Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority), both dated the date hereof (collectively, the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement dated August 28, 2002, including all schedules and exhibits attached thereto for each series of bonds (collectively, the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") 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 for each series, registered as to principal and interest to the Authority, bearing interest at the rate of 5.8% per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2002, and with principal payable annually on October 1 of each year, commencing October 1, 2005, all as set forth in "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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) capitalizing interest on the Bonds; and (iii) paying certain costs of issuance of the Bonds and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on August 27, 2002, as supplemented by a Supplemental Resolution duly adopted

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by the Issuer on August 27, 2002 (collectively, the "Resolution"), pursuant to and under which Act and Resolution 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 Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution and the Loan Agreement when used herein.

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

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

1. The Issuer is a duly 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 Resolution 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 cannot be amended by the Issuer so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Resolution and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Resolution 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 referred to in the

Resolution 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 First Lien Bonds, and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Second Lien Bonds, Third Lien Bonds and the Notes, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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 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 Resolution, 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 DR-1 and ER-1, and in our opinion the form of said Bonds and their execution and authentication are regular and proper.

Very truly yours,

STEPTOE & JOHNSON PLLC

08/23/02
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BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2002 C
(West Virginia SRF Program),
Sewer Revenue Bonds, Series 2002 D
(West Virginia Water Development Authority) and
Sewer Revenue Bonds, Series 2002 E
(West Virginia Water Development Authority)

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 AGREEMENTS
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. CLEAN WATER ACT
19. PROCUREMENT OF ENGINEERING SERVICES
20. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Berkeley County Public Service Sewer District in Berkeley County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program), Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority) and Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development

Authority), all dated the date hereof (collectively, the "Bonds" or individually, the "Series 2002 C Bonds," the "Series 2002 D Bonds" or the "Series 2002 E Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted August 27, 2002, and a Supplemental Resolution of the Issuer duly adopted August 27, 2002 (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 and construction of the Project, the operation of the System, the receipt of the Net Revenues, 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 moneys 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 pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

The Issuer has been notified of a potential civil action by property owners (the "Shades") who assert that a pipeline contractor of the Issuer blocked access to the Shades' property for farming purposes during pipeline installation and failed to properly restore the Shades' property following such installation. The Shades assert that, as a result of such actions or inactions, the Shades lost farming income and the value of their property has been diminished. The pipeline contractor has performed remedial work for the Shades and has been notified by the Issuer that the Issuer will expect indemnification from the contractor as provided in the contract documents, in the event a suit is filed. Whether any suit by the Shades naming the Issuer would be covered under the Issuer's insurance policies cannot be determined until a suit, if any, is filed. Issuer's management, however, believes that the result of any reasonable verdict rendered by a court, or settlement between the parties, in such a civil action would not impair the ability of the Issuer to satisfy its financial obligations under the Resolution.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders 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 5G, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreements, and the Issuer has met all conditions prescribed in the Loan Agreements. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2002 Bonds as to liens, pledge and source of and security for payment, which obligations are designated and have the lien positions with respect to the Series 2002 Bonds as follows:

[Remainder of Page Intentionally Left Blank]

Designation	Lien Position
Sewer Revenue Bonds, Series 1986 B, dated March 7, 1986, issued in the original aggregate principal amount $1,638,194 (the "Series 1986 B Bonds")	First Lien
Sewer Revenue Bonds, Series 1990 A, dated May 3, 1990, issued in the original aggregate principal amount of $828,629 (the "Series 1990 A Bonds")	First Lien
Sewer Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), dated October 5, 1994, issued in the original aggregate principal amount of $494,288 (the "Series 1994 A Bonds")	First Lien
Sewer Revenue Bonds, Series 1994 C (West Virginia SRF Program), dated November 17, 1994, issued in the original aggregate principal amount of $2,772,879 (the "Series 1994 C Bonds")	First Lien
Sewer Revenue Bonds, Series 1995 A (West Virginia SRF Program), dated February 9, 1995, issued in the original aggregate principal amount of $3,837,640 (the "Series 1995 A Bonds")	First Lien
Sewer Revenue Bonds, Series 1995 B (West Virginia SRF Program), dated December 29, 1995, issued in the original aggregate principal amount of $2,138,506 (the "Series 1995 B Bonds")	First Lien
Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), dated February 13, 1996, issued in the original aggregate principal amount of $319,902 (the "Series 1996 A Bonds")	First Lien

Sewer Revenue Bonds, Series 1996 B (West Virginia SRF Program), dated May 1, 1996, issued in the original aggregate principal amount of $2,628,633 (the "Series 1996 B Bonds")	First Lien
Sewer Revenue Bonds, Series 1996 C (West Virginia SRF Program), dated May 1, 1996, issued in the original aggregate principal amount of $837,579 (the "Series 1996 C Bonds")	First Lien
Sewer Revenue Bonds, Series 1996 D, dated June 15, 1996, issued in the original aggregate principal amount of $4,770,000 (the "Series 1996 D Bonds")	First Lien
Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated June 12, 1997, issued in the original aggregate principal amount of $148,000 (the "Series 1997 A Bonds")	First Lien
Sewer Revenue Bonds, Series 1997 B (West Virginia SRF Program), dated December 11, 1997, issued in the original aggregate principal amount of $1,250,000 (the "Series 1997 B Bonds")	First Lien
Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated October 28, 1999, issued in the original aggregate principal amount of $30,707,296 (the "Series 1999 A Bonds")	First Lien
Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated May 25, 2000, issued in the original aggregate principal amount of $937,500 (the "Series 2000 A Bonds")	First Lien
Sewer Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated March 30, 2001, issued in the original aggregate principal amount of $429,000 (the "Series 2001 A Bonds")	First Lien

Sewer Revenue Bonds, Series 2001 B (West Virginia SRF Program), dated August 7, 2001, issued in the original aggregate principal amount of $2,909,850 (the "Series 2001 B Bonds")	First Lien
Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), dated May 9, 2002, issued in the original aggregate principal amount of $750,000 (the "Series 2002 A Bonds").	First Lien
Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated July 11, 2002, issued in the original aggregate principal amount of $456,548 (the "Series 2002 B Bonds").	First Lien
Sewer Revenue Bonds, Series 1990 B, dated May 3, 1990, issued in the original aggregate principal amount of $38,669 (the "Series 1990 B Bonds")	Second Lien
Sewer Revenue Bonds, Series 1994 B, dated December 1, 1994, issued in the original aggregate principal amount of $1,500,000 (the "Series 1994 B Bonds")	Third Lien
Sewerage System Bond Anticipation Notes, Series 1999 A (West Virginia Infrastructure Fund), dated October 28, 1999, issued in the original aggregate principal amount of $2,000,000 (the "Notes")	Fourth Lien

The Series 1986 B Bonds, the Series 1990 A Bonds, the Series 1994 A Bonds, the Series 1994 C Bonds, the Series 1995 A Bonds, the Series 1995 B Bonds, the Series 1996 A Bonds, the Series 1996 B Bonds, the Series 1996 C Bonds, the Series 1996 D Bonds, the Series 1997 A Bonds, the Series 1997 B Bonds, the Series 1999 A Bonds, the Series 2000 A Bonds, the Series 2001 A Bonds, the Series 2001 B Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds are hereinafter collectively called the "First Lien Bonds"; the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds"; the Series 1994 B Bonds are hereinafter called the "Third Lien Bonds"; and the Notes are hereinafter called the "Fourth Lien Bonds." The First Lien Bonds, the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2002 Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage and parity requirements for issuance of parity bonds of the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met. The Issuer has obtained the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2002 Bonds on a parity with the First Lien Bonds and the written consent of the Holders of the Second Lien Bonds and the Fourth Lien Bonds to the issuance of the Series 2002 Bonds on a senior and prior basis to the Second Lien Bonds and the Fourth Lien Bonds. The Issuer has provided written notice to the Holders of the Third Lien Bonds regarding the issuance of the Series 2002 Bonds on a senior and prior basis to the Third Lien Bonds, there being no consent requirement. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

Series 2002 C Bond Purchase Agreement

Series 2002 D Loan Agreement

Series 2002 E Loan Agreement

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Prefiling Notice

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

NPDES Permit

Prior Bond Resolutions

Consent of West Virginia Water Development Authority

Notice to West Virginia Housing Development Fund

Evidence of Insurance

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Berkeley County Public Service Sewer District." The Issuer is a public service district and public corporation duly created by The County Commission of Berkeley County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 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
John E. Myers	July 1, 1997	June 30, 2003
John C. Kunkle	July 1, 1998	June 30, 2004
Robert L. Grove, Sr.	July 1, 1999	June 30, 2005

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2002 are as follows:

Chairman	-	Robert L. Grove, Sr.
Secretary	-	John Myers
Treasurer	-	John Kunkle

The duly appointed and acting counsel to the Issuer is William F. Rohrbaugh, Esquire.

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

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, 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 and the Loan Agreements. All insurance for the System required by the Bond Legislation and the Loan Agreements is in full force and effect.

10. LOAN AGREEMENTS: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreements are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreements do 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 Agreements 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 Agreements not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreements.

11. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on June 28, 1999, in Case No. 98-1484-PSD-CN, among other things, 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. Such rates and charges are currently in effect.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on March 6, 2002, in Case No.01-1512-PSD-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 such Order has expired prior to the date hereof without any appeal. Such Order remains 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, numbered AR-1, BR-1 and CR-1, respectively, 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 and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Bond Purchase Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received $1,525,000 from the DEP and the Authority, being a portion of the principal amount of the Series 2002 C Bonds. The balance of the principal amount of the Series 2002 C Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses. The Issuer also received $4,965,465 from the Authority, being the entire principal amount of the Series 2002 D Bonds (100% of par value) and $560,822 from the Authority, being the entire principal amount of the Series 2002 E Bonds (100% of par value), there being no interest accrued on either the Series 2002 D Bonds or the Series 2002 E Bonds.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published the 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 the Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended.

16. SPECIMEN BONDS: Delivered concurrently herewith is a 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.

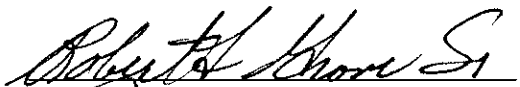
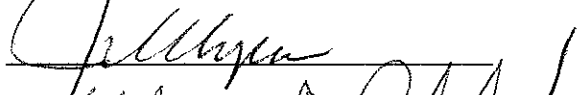
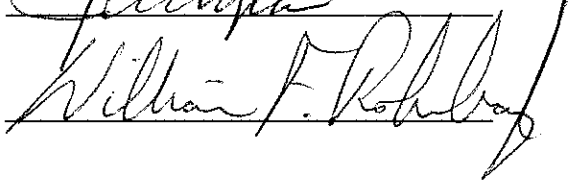
18. CLEAN WATER ACT: The Project as described in the Bond Legislation complies with Sections 208 and 303(e) of the Clean Water Act.

19. 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.

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 BERKELEY COUNTY PUBLIC SERVICE SEWER SYSTEM on this 28th day of August, 2002.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to Issuer

08/23/02
067740.00002

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program),
Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority) and
Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority)

ENGINEER'S CERTIFICATE

I, Scott P. Recinos, Registered Professional Engineer, West Virginia License No. 11187, of Chester Engineers, Inc., in Gaithersburg, Maryland, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public sewerage system (the "System") of Berkeley County Public Service Sewer District (the "Issuer"), to be constructed primarily in Berkeley 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. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on August 27, 2002, the Bond Purchase Agreement for the Series 2002 C Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated August 20, 2002, the Loan Agreement for the Series 2002 D Bonds, by and between the Issuer and the Authority, dated August 28, 2002, and the Loan Agreement for the Series 2002 E Bonds, by and between the Issuer and the Authority, dated August 28, 2002 (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) capitalizing interest on the Series 2002 D and Series 2002 E Bonds, from the proceeds of each respective series of Bonds; and (iii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and

construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A attached hereto as Exhibit A and in reliance upon the opinion of Issuer's counsel, William F. Rohrbaugh, Esquire, of even date herewith, 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 DEP 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, Yount, Hyde & Barbour, P.C., of even date herewith, 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 the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Estimated Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 28th day of August, 2002.



Scott P. Recinos, P.E.
West Virginia License No. 11187

08/21/02
067740.00002

STATE REVOLVING FUND SCHEDULE A

Multiple Funding Sources

Berkeley County Public Service Sewer District

Total Cost of Project	Sources of Funds and Costs of Financing			
A. Cost of Project	Total	SRF	WDA	Total
1. Construction (Based on Actual Bids)	30,897,930.00	26,258,807.00	4,639,123.00	30,897,930.00
2. Technical Services	2,478,037.00	2,478,037.00		2,478,037.00
3. Legal & Fiscal	110,000.00	110,000.00		110,000.00
4. Administrative	100,000.00	100,000.00		100,000.00
5. Sites & Other Lands	400,000.00		400,000.00	400,000.00
6. Step I or II or Other Loan Repayment				-
7. Interim Financing Costs/Cap. Interest	456,748.00		456,748.00	456,748.00
8. Contingency	1,528,572.00	1,498,156.00	30,416.00	1,528,572.00
9. Total Cost of Project (Lines 1 thru 8)	35,971,287.00	30,445,000.00	5,526,287.00	35,971,287.00
B. Sources of Funds				
10. Federal Grants:				
a.				
b.				
11. State Grants:				
a. IJDC				
b.				
12. Other Grants:				
13. Any Other Source (1)				
a. WDA	5,526,287.00			
b. IJDC (loan)				
14. Total Sources of Funds (Lines 10 thru 13)	5,526,287.00			
15. Net Proceeds Required form Bond Issue	30,445,000.00			
C. Cost of Financing				
16. Funded Reserve Account (2)				
17. Other Costs (3)				
a. Bond Counsel	55,000.00			
b.				
18. Total Cost of Financing (Lines 16 thru 17)	55,000.00			
19. Size of SRF Bond Issue (Lines 15 + 18)	30,500,000.00			

(1) Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation.

(2) Consult with bond counsel and DEP before assuming a funded reserve.

(3) For example, bond counsel, fees of depository bank, for Governmental Agency, etc..

Authorized Representative

Consulting Engineer

Jerry P. Kerr, CPA
Bob Soonthornchai, CPA
Gerald A. Parker, CPA
Gary W. Lee, CPA
David M. Frazier, CPA
Robert B. Dale, III, CPA
R. Steven Spitzer, CPA
Jeffrey L. Everly, CPA
W. Mark Rudolph, CPA
Thomas W. Moler, Jr., CPA
Gregory S. Crawford, CPA
C. Scott Moulden, CPA
Darren B. Iden, CPA
James F. Snyder, Jr., CPA

YHB

Yount, Hyde & Barbour, P.C.
Certified Public Accountants
and Consultants

Ralph P. Yount, CPA (1947-76)
Lewis H. Hyde, CPA (1912-02)
Marshall R. Bryant, CPA (1957-86)
Robert S. Barbour, CPA, (1971-92)
John R. Fisher, III, CPA (Retired)
Julian D. Berlin, Jr., CPA (Retired)
David F. Allemong, CPA (Retired)

August 28, 2002

Berkeley County Public Service Sewer District,
Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program),
Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority) and
Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environment Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Commission Order of the Public Service Commission of West Virginia entered June 28, 1999, in Case No. 98-1484-PSD-CN, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Berkeley County Public Service Sewer District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program), Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority) and Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority) (collectively, the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by or payable from the revenues of the System, on a parity with or junior to the Bonds, including all Prior Bonds of the Issuer as defined and described in the Bond Resolution of the Issuer adopted August 27, 2002, authorizing the Bonds. It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Bonds. For the purposes of this calculation, we only included 75% of the "estimated average increased annual Net Revenues to be received in each of the three succeeding years" to the extent such increased Net Revenues are expected to be derived from an increase in the number of users to be served by the Project financed by the Bonds.

Very truly yours,

Yount, Hyde & Barbour, P.C.

50 South Cameron St.
P.O. Box 2560
Winchester, VA 22604
540-662-3417
FAX 540-662-4211

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2002 C
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Berkeley County Public Service Sewer District in Berkeley County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $30,500,000 Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program), of the Issuer, dated August 28, 2002 (the "Bonds" or the "Series 2002 C 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 August 27, 2002 (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 August 28, 2002, the date on which the Bonds are being physically delivered in exchange for an initial advance of $1,525,000, being a portion of the principal amount of the Series 2002 C 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 Department of Environmental Protection (the "DEP") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), 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 2002 C Bonds were sold on August 28, 2002, to the Authority, pursuant to a bond purchase agreement dated August 20, 2002, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $30,500,000 (100% of par), at which time, the Issuer received $1,525,000 from the Authority and the DEP, being the first advance of the principal amount of the Series 2002 C Bonds. No accrued interest has been or will be paid on the Series 2002 C Bonds. The balance of the principal amount of the Series 2002 C Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2002 C 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 sewerage facilities of the Issuer (the "Project") and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Reserve Account 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 May 28, 2004. The acquisition and construction of the Project is expected to be completed by February 28, 2004.

1. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $36,026,287. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2002 C Bonds	$30,500,000
Gross Proceeds of the Series 2002 D Bonds	$ 4,965,465
Gross Proceeds of the Series 2002 E Bonds	$ 560,822
Total Sources	$36,026,287

USES

Acquisition, Construction and Equipping of Project	$35,514,539.36
Capitalized Interest - Series 2002 D Bonds	$ 410,395.70
Capitalized Interest - Series 2002 E Bonds	$ 46,351.94
Cost of Issuance	$ 55,000.00
Total Uses	$ 36,026,287.00

11. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2002 C Bonds:

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

(2) Operation and Maintenance Fund (established by the Prior Resolutions);

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

(4) Series 2002 C Bonds Construction Trust Fund;

(5) Series 2002 C Bonds Sinking Fund; and

(6) Series 2002 C Bonds Reserve Account.

12. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited in the Series 2002 C 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 2002 C Bonds and related costs.

13. Monies held in the Series 2002 C Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2002 C Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2002 C Bonds Sinking Fund and Series 2002 C Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2002 C 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 18 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 2002 C Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2002 C Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 21 months from the date of issuance thereof.

17. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

18. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

19. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

20. 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.

21. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

22. 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.

23. The Bonds are not federally guaranteed.

24. 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.

25. The Issuer has either (a) funded the Series 2002 C 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 2002 C Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2002 C Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest

which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2002 C Bonds Reserve Account and the Series 2002 C 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.

26. Except the Series 2002 D Bonds and the Series 2002 E Bonds, 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 of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

27. 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.

28. 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.

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

WITNESS my signature on this 28th day of August, 2002.

BERKELEY COUNTY PUBLIC SERVICE
SEWER DISTRICT

Robert L. Howe Sr.
Chairman

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2002 D
(West Virginia Water Development Authority) and
Sewer Revenue Bonds, Series 2002 E
(West Virginia Water Development Authority)

CERTIFICATE AS TO ARBITRAGE

The undersigned Chairman of the Public Service Board of Berkeley County Public Service Sewer District in Berkeley County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $4,965,465 in aggregate principal amount of Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority) and $560,822 in aggregate principal amount of Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority), of the Issuer, both dated August 28, 2002 (collectively, the "Bonds" or, individually, the "Series 2002 D Bonds" and the "Series 2002 E Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). 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 am 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 same meaning as set forth in the Bond Resolution duly adopted by the Issuer on August 27, 2002, as supplemented (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 28, 2002, the date on which the Bonds are

to be physically delivered in exchange for the entire principal of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. (A) The Series 2002 D Bonds were sold on August 28, 2002, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated August 28, 2002, by and between the Issuer and the Authority, for an aggregate purchase price of $4,965,465 (100% of par value), at which time, the Issuer received the entire principal amount of the Bonds (100% of par value), there being no interest accrued thereon.

(B) The Series 2002 E Bonds were sold on August 28, 2002, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated August 28, 2002, by and between the Issuer and the Authority, for an aggregate purchase price of $560,822 (100% of par value), at which time, the Issuer received the entire principal amount of the Bonds (100% of par value), there being no interest accrued thereon.

On the date hereof, the Issuer has simultaneously issued its Water Revenue Bonds, Series 2002 C (West Virginia SRF Program), in the original principal amount of $30,500,000 (the "Series 2002 C Bonds").

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) to capitalize interest on the Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project

and allocation of the net sale proceeds of the Bonds to expenditures of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account 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 May 28, 2004, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by February 28, 2004.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $36,026,287. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2002 C Bonds	$30,500,000
Gross Proceeds of the Series 2002 D Bonds	$ 4,965,465
Gross Proceeds of the Series 2002 E Bonds	$ 560,822
Total Sources	$36,026,287

USES

Acquisition, Construction and Equipping of Project	$35,514,539.36
Capitalized Interest - Series 2002 D Bonds	$ 410,395.70
Capitalized Interest - Series 2002 E Bonds	$ 46,351.94
Cost of Issuance	$ 55,000.00
Total Uses	$ 36,026,287.00

Except for the proceeds of the Bonds and the Series 2002 C Bonds, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued:

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

(2) Operation and Maintenance Fund (established by the Prior Resolutions);

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

(4) Series 2002 C Bonds Construction Trust Fund;

(5) Series 2002 D Bonds Construction Trust Fund;

(6) Series 2002 E Bonds Construction Trust Fund;

(7) Series 2002 D Bonds Rebate Fund;

(8) Series 2002 E Bonds Rebate Fund;

(9) Series 2002 C Bonds Sinking Fund;

(10) Series 2002 C Bonds Reserve Account;

(11) Series 2002 D Bonds Sinking Fund;

(12) Series 2002 D Bonds Reserve Account;

(13) Series 2002 E Bonds Sinking Fund; and

(14) Series 2002 E Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(a) Series 2002 D Bonds proceeds in the amount of $410,395.70 shall be deposited in the Series 2002 D Bonds Sinking Fund, as capitalized interest.

(b) Series 2002 D Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 D Bonds Reserve Account.

(c) The balance of the proceeds of the Series 2002 D Bonds shall be deposited in or credited to the Series 2002 D Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance thereof and related costs.

(d) Series 2002 E Bonds proceeds in the amount of $46,351.94 shall be deposited in the Series 2002 E Bonds Sinking Fund, as capitalized interest.

(e) Series 2002 E Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 E Bonds Reserve Account.

(f) The balance of the proceeds of the Series 2002 E Bonds shall be deposited in or credited to the Series 2002 E Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance thereof and related costs.

The Issuer reasonably expects that (i) at least 85% of the net sale proceeds of the Bonds will be spent on the Project within 3 years from the date of issuance of the Bonds; (ii) within 6 months of the date of issuance of the Bonds the Issuer will incur a substantial obligation to a third party to expend at least 5% of the net sale proceeds of the Bonds on the Project, and (iii) completion of the Project and allocation of the net sale proceeds of the Bonds to expenditures of the Project will proceed with due diligence. Accordingly, amounts in the Series 2002 D Bonds Construction Trust Fund and the Series 2002 E Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such monies are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. § 1.150-2(f)(2), none of the proceeds of the Bonds will be used to reimburse the Issuer for costs of acquisition and construction of the Project previously incurred and paid by the Issuer with its own funds.

12. (A) Monies held in the Series 2002 D Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 D Bonds, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on monies in the Series 2002 D Bonds Sinking Fund and the Series 2002 D Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Series 2002 D Bonds Construction Trust Funds, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

(B) Monies held in the Series 2002 E Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 E Bonds, and will not be available to meet

costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on monies in the Series 2002 E Bonds Sinking Fund and the Series 2002 E Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Series 2002 E Bonds Construction Trust Funds, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. (A) Except for the Series 2002 D Bonds Sinking Fund and the Series 2002 D Bonds Reserve Account there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 2002 D Bonds, or which are pledged as collateral for the Series 2002 D Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 2002 D Bonds if the Issuer encounters financial difficulties. The Issuer does not expect that monies in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 2002 D Bonds Reserve Account and or any other reserve or replacement fund. The amounts deposited in the Series 2002 D Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Series 2002 D Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 2002 D Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2002 D Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

(B) Except for the Series 2002 E Bonds Sinking Fund and the Series 2002 E Bonds Reserve Account there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 2002 E Bonds, or which are pledged as collateral for the Series 2002 E Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 2002 E Bonds if the Issuer encounters financial difficulties. The Issuer does not expect that monies in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters

financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 2002 E Bonds Reserve Account and or any other reserve or replacement fund. The amounts deposited in the Series 2002 E Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Series 2002 E Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 2002 E Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2002 E Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

14. The Issuer shall, on the date hereof or immediately hereafter, enter into contracts for the construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of each series of Bonds.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 18 months.

16. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. (A) With the exception of the amount deposited in the Series 2002 D Bonds Sinking Fund for payment of interest on the Series 2002 D Bonds, if any, and amounts deposited in the Series 2002 D Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended within 21 months from the date of issuance thereof.

(B) With the exception of the amount deposited in the Series 2002 E Bonds Sinking Fund for payment of interest on the Series 2002 E Bonds, if any, and amounts deposited in the Series 2002 E Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended within 21 months from the date of issuance thereof.

18. (A) The Series 2002 D Bonds Sinking Fund (other than the Series 2002 D Bonds Reserve Account) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 2002 D Bonds Sinking Fund (other than the Series 2002 D Bonds Reserve Account) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt

service on the Bonds, or 1 year's interest earnings on the Series 2002 D Bonds Sinking Fund (other than the Series 2002 D Bonds Reserve Account). Except as otherwise allowed, any money deposited in the Series 2002 D Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 2002 D Bonds Reserve Account) will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any monies received from the investment of amounts held in the Series 2002 D Bonds Sinking Fund (other than in the Series 2002 D Bonds Reserve Account) will be spent within a 1-year period beginning on the date of receipt.

(B) The Series 2002 E Bonds Sinking Fund (other than the Series 2002 E Bonds Reserve Account) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 2002 E Bonds Sinking Fund (other than the Series 2002 E Bonds Reserve Account) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 2002 E Bonds Sinking Fund (other than the Series 2002 E Bonds Reserve Account). Except as otherwise allowed, any money deposited in the Series 2002 E Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 2002 E Bonds Reserve Account) will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any monies received from the investment of amounts held in the Series 2002 E Bonds Sinking Fund (other than in the Series 2002 E Bonds Reserve Account) will be spent within a 1-year period beginning on the date of receipt.

19. All proceeds of the Bonds will be spent as expeditiously as possible.

20. 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.

21. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

22. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah 84201.

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Bonds or $5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

24. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue, except to the extent any such proceeds are required for rebate to the United States.

25. The Issuer shall use the Series 2002 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.

26. 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 treatment afforded by Section 103(a) of the Code by reason of 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 the Treasury Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bonds is excluded from gross income for federal income tax purposes.

27. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

28. The Issuer will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

29. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from the gross income for federal income tax purposes of interest on the Bonds.

30. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in the Code.

31. (A) The Issuer has either (a) funded the Series 2002 D 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 2002 D Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2002 D Bonds Reserve Account and the Series 2002 D 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.

(B) The Issuer has either (a) funded the Series 2002 E 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 2002 E Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2002 E Bonds Reserve Account and the Series 2002 E 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.

32. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

33. The Issuer expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

34. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolution authorizing issuance of the Bonds.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted to pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such

Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

35. The Bonds are each a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

36. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

37. No portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

38. Other than the Series 2002 C Bonds, 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.

39. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

40. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

41. 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.

42. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

WITNESS my signature on this 28th day of August, 2002.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Robert L. Howe Sr.
Chairman

08/01/02
523780.00001

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 28, 2002

(See Reverse for Instructions)

ISSUE: Berkeley County Public Service Sewer District, Sewer Revenue Bonds Series 2002 C (West Virginia SRF Program)

ADDRESS: Post Office Box 944, Martinsburg, WV 25401 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: August 28, 2002 CLOSING DATE: August 28, 2002

ISSUE AMOUNT: $30,500,000 RATE: 0%; Administrative Fee: 0.5%

1ST DEBT SERVICE DUE: June 1, 2004 1ST PRINCIPAL DUE: June 1, 2004

1ST DEBT SERVICE AMOUNT: $ 254,167.00 PAYING AGENT: Municipal Bond Commission

BOND
COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esq.
Phone: 304.624.8161

UNDERWRITERS
COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme L. Gee, Esq.
Phone: 304.340.1318

CLOSING BANK: The Huntington National Bank
Contact Person: Brenda Simmons
Phone: 304.263.0807

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Walt Sebert, P.E.
Position: General Manager
Phone: 304.263.8566

OTHER: WV Department of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Branch Leader
Phone: 304.558.0637

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire ____ Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
____ Reserve Account: $____
____ Other: ____ $____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

CH536139.1

26A

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 28, 2002

(See Reverse for Instructions)

ISSUE: Berkeley County Public Service Sewer District, Sewer Revenue Bonds Series 2002 D (West Virginia Water Development Authority)

ADDRESS: Post Office Box 944, Martinsburg, WV 25401 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: August 28, 2002

CLOSING DATE: August 28, 2002

ISSUE AMOUNT: $ 4,965,465

RATE: 5.80%

1ST DEBT SERVICE DUE: October 1, 2002

1ST PRINCIPAL DUE: October 1, 2005

1ST DEBT SERVICE AMOUNT: $ 26,399.72

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esq.
Phone: 304.624.8161

UNDERWRITERS COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme L. Gee, Esq.
Phone: 304.340.1318

CLOSING BANK: The Huntington National Bank
Contact Person: Brenda Simmons
Phone: 304.263.0807

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Walt Sebert, P.E.
Position: General Manager
Phone: 304.263.8566

OTHER: WV Water Development Authority
Contact Person: Daniel B. Yonkosky
Function: Director
Phone: 304.558.3612

DEPOSITS TO MBC AT CLOSE:

By: X Wire
____ Check

____ Accrued Interest: $____
X Capitalized Interest: $ $410,396.00
____ Reserve Account: $____
____ 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: ____

CH544924.1

26B

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 28, 2002

(See Reverse for Instructions)

ISSUE: Berkeley County Public Service Sewer District, Sewer Revenue Bonds Series 2002 E (West Virginia Water Development Authority)

ADDRESS: Post Office Box 944, Martinsburg, WV 25401 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: August 28, 2002

CLOSING DATE: August 28, 2002

ISSUE AMOUNT: $560,822

RATE: 5.80%

1ST DEBT SERVICE DUE: October 1, 2002

1ST PRINCIPAL DUE: October 1, 2005

1ST DEBT SERVICE AMOUNT: $2,981.70

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esq.
Phone: 304.624.8161

UNDERWRITERS COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme L. Gee, Esq.
Phone: 304.340.1318

CLOSING BANK: The Huntington National Bank
Contact Person: Brenda Simmons
Phone: 304.263.0807

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Walt Sebert, P.E.
Position: General Manager
Phone: 304.263.8566

OTHER: WV Water Development Authority
Contact Person: Daniel B. Yonkosky
Function: Director
Phone: 304.558.3612

DEPOSITS TO MBC AT CLOSE:
By: X Wire
____ Check

____ Accrued Interest: $____
X Capitalized Interest: $ 46,352.00
____ Reserve Account: $____
____ 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: ____

CH544930.1

26C

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specificed by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2002 C
(West Virginia SRF Program),
Sewer Revenue Bonds, Series 2002 D
(West Virginia Water Development Authority) and
Sewer Revenue Bonds, Series 2002 E
(West Virginia Water Development Authority)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

THE HUNTINGTON NATIONAL BANK, Martinsburg, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Berkeley County Public Service Sewer District (the "Issuer") adopted August 27, 2002, and the Supplemental Resolution of the Issuer adopted August 27, 2002 (collectively, the "Resolution"), authorizing issuance of the Issuer's (i) Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program), dated August 28, 2002, issued in the principal amount of $30,500,000; (ii) Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority), dated August 28, 2002, issued in the principal amount of $4,965,465; and (iii) Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority), dated August 28, 2002, issued in the principal amount of $560,822 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Resolution.

WITNESS my signature on this 28th day of August, 2002.

THE HUNTINGTON NATIONAL BANK

By: Diane D. Armentrout
Its: Authorized Officer Vice President

08/23/02
067740.00002

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2002 C
(West Virginia SRF Program),
Sewer Revenue Bonds, Series 2002 D
(West Virginia Water Development Authority) and
Sewer Revenue Bonds, Series 2002 E
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Berkeley County Public Service Sewer District (i) Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program), dated August 28, 2002, issued in the principal amount of $30,500,000; (ii) Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority), dated August 28, 2002, issued in the principal amount of $4,965,465; and (iii) Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority), dated August 28, 2002, issued in the principal amount of $560,822 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Resolution authorizing issuance of the Bonds.

WITNESS my signature on this 28th day of August, 2002.

BRANCH BANKING AND TRUST COMPANY

Charlotte S. Morgan

Assistant Vice President

08/23/02
067740.00002

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2002 C
(West Virginia SRF Program),
Sewer Revenue Bonds, Series 2002 D
(West Virginia Water Development Authority) and
Sewer Revenue Bonds, Series 2002 E
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Resolution and Registrar's Agreement providing for the above-captioned Bonds of Berkeley County Public Service Sewer District (the "Issuer"), hereby certifies that on the date hereof (i) the single, fully registered Sewer Revenue Bond, Series 2002 C (West Virginia SRF Program), of the Issuer, dated August 28, 2002, in the principal amount of $30,500,000, numbered CR-1, was registered as to principal only; (ii) the single fully registered Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority) of the Issuer, dated August 28, 2002, in the principal amount of $4,965,465, numbered DR-1, was registered as to principal and interest; and (iii) the single fully registered Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority) of the Issuer, dated August 28, 2002, in the principal amount of $560,822, numbered ER-1, was registered as to principal and interest, 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 Branch Banking and Trust Company, as Registrar.

WITNESS my signature on this 28th day of August, 2002.

BRANCH BANKING AND TRUST COMPANY

Assistant Vice President

08/23/02
067740.00002

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2002 C
(West Virginia SRF Program),
Sewer Revenue Bonds, Series 2002 D
(West Virginia Water Development Authority) and
Sewer Revenue Bonds, Series 2002 E
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 28th day of August, 2002, by and between BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $30,500,000 Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program), its $4,965,465 Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority) and its $560,822 Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority), all dated August 28, 2002, and all in fully registered form (collectively, the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted August 27, 2002, and the Supplemental Resolution of the Issuer duly adopted August 27, 2002 (collectively, the "Resolution");

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

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

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution 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 Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution 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 Resolution 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:	Berkeley County Public Service Sewer District Post Office Box 944 Martinsburg, West Virginia 25401 Attention: Chairman
REGISTRAR:	Branch Banking and Trust Company 300 Summers Street, 6th Floor Post Office Box 1793 Charleston, West Virginia 25326 Attention: Corporate Trust Department

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

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.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Robert L. Chase Sr.

Chairman

BRANCH BANKING AND TRUST COMPANY

Assistant Vice President

08/23/02
067740.00002

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.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

_____

Chairman

BRANCH BANKING AND TRUST COMPANY

_____

Assistant Vice President

08/23/02
067740.00002

EXHIBIT A

Resolution included in bond transcript as Documents Nos. 1 and 2.