WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

Closing Date: February 28, 2007

JACKSON KELLY
ATTORNEYS AT LAW PLLC

IC-1
(11/01/04)

$8,290,000

LOAN AGREEMENT

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

WARM SPRINGS PUBLIC SERVICE DISTRICT – SERIES A

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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 the Act and having available sufficient funds therefor, the Council has authorized the Authority 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 Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's 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," "Council," "governmental agency," "project," "waste water facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

1.5 "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.

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

2.4 The Governmental Agency agrees that the Authority and the Council and their 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 the Council and their 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 and the Council 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 and the Council, acting by and through their directors or their 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 and the Council such documents and information as they 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 the Council and their 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 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 Council and the Authority and shall verify or 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 are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, 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 and the Council shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(d) 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 and the Council shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the 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 the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

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

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

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

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

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

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

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

possible to the designated date and mutually agreeable to the Authority, the Council 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 Council.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and 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 sufficient funds are available in the Infrastructure Fund 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.

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 Council:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues shall 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 (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) 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 Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

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

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

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

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

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 and the Council; 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 and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the 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 and the Council within 30 days of adoption thereof;

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

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

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

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

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

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

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 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 State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) 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 and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xxi) That the Governmental Agency 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 Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xxii) 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;

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

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

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

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

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

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

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 the 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 the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

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 and the Council.

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

7.4 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.

7.5 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.

7.6 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.

7.7 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.

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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.

WARM SPRINGS PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: February 15, 2007

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: February 15, 2007

Attest:

_____
Its: Secretary-Treasurer

{C1161032.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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 B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - 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. _____

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

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

Ladies and Gentlemen:

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

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

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

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

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 the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Governmental Agency without the consent of the Authority and the Council.

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 $8,290,000
Purchase Price of Local Bonds $8,290,000

The Local Bonds shall bear no interest. Commencing December 1, 2008, principal on the Local Bonds is payable quarterly. 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 Governmental Agency shall submit its payments monthly to the Commission which will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

The Local Bonds are fully registered in the name of the Authority as to interest, if any, 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.

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency 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 Governmental Agency:

(i) Sewer Revenue Bonds, Series 1977, dated August 15, 1978, issued in the original principal amount of $1,326,000;

(ii) Sewer Revenue Bonds, Series 1989, dated August 3, 1989, issued in the original principal amount of $300,000;

(iii) Sewer Revenue Bonds, Series 1994, dated August 26, 1994, issued in the original principal amount of $1,423,158;

(iv) Sewer Revenue Bonds, Series 1998, dated November 19, 1998, issued in the original principal amount of $400,000;

(v) Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), dated June 25, 2002, issued in the original principal amount of $1,316,000;

(vi) Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund), dated February 15, 2007, issued in the principal amount of $2,019,000; and

(vii) Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program), dated February 15, 2007, issued in the principal amount of $3,000,000.

SCHEDULE Y

$8,290,000

Warm Springs Public Service District

0% Interest Rate, 40 Years from Closing Date

Closing Date: February 28, 2007

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	54,184.00	-	54,184.00
03/01/2009	54,183.00	-	54,183.00
06/01/2009	54,183.00	-	54,183.00
09/01/2009	54,183.00	-	54,183.00
12/01/2009	54,183.00	-	54,183.00
03/01/2010	54,183.00	-	54,183.00
06/01/2010	54,183.00	-	54,183.00
09/01/2010	54,183.00	-	54,183.00
12/01/2010	54,183.00	-	54,183.00
03/01/2011	54,183.00	-	54,183.00
06/01/2011	54,183.00	-	54,183.00
09/01/2011	54,183.00	-	54,183.00
12/01/2011	54,183.00	-	54,183.00
03/01/2012	54,183.00	-	54,183.00
06/01/2012	54,183.00	-	54,183.00
09/01/2012	54,183.00	-	54,183.00
12/01/2012	54,183.00	-	54,183.00
03/01/2013	54,183.00	-	54,183.00
06/01/2013	54,183.00	-	54,183.00
09/01/2013	54,183.00	-	54,183.00
12/01/2013	54,183.00	-	54,183.00
03/01/2014	54,183.00	-	54,183.00
06/01/2014	54,183.00	-	54,183.00
09/01/2014	54,183.00	-	54,183.00
12/01/2014	54,183.00	-	54,183.00
03/01/2015	54,183.00	-	54,183.00
06/01/2015	54,183.00	-	54,183.00
09/01/2015	54,183.00	-	54,183.00
12/01/2015	54,183.00	-	54,183.00
03/01/2016	54,183.00	-	54,183.00
06/01/2016	54,183.00	-	54,183.00
09/01/2016	54,183.00	-	54,183.00
12/01/2016	54,183.00	-	54,183.00
03/01/2017	54,183.00	-	54,183.00
06/01/2017	54,183.00	-	54,183.00
09/01/2017	54,183.00	-	54,183.00
12/01/2017	54,183.00	-	54,183.00

$8,290,000
Warm Springs Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: February 28, 2007

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
03/01/2018	54,183.00	-	54,183.00
06/01/2018	54,183.00	-	54,183.00
09/01/2018	54,183.00	-	54,183.00
12/01/2018	54,183.00	-	54,183.00
03/01/2019	54,183.00	-	54,183.00
06/01/2019	54,183.00	-	54,183.00
09/01/2019	54,183.00	-	54,183.00
12/01/2019	54,183.00	-	54,183.00
03/01/2020	54,183.00	-	54,183.00
06/01/2020	54,183.00	-	54,183.00
09/01/2020	54,183.00	-	54,183.00
12/01/2020	54,183.00	-	54,183.00
03/01/2021	54,183.00	-	54,183.00
06/01/2021	54,183.00	-	54,183.00
09/01/2021	54,183.00	-	54,183.00
12/01/2021	54,183.00	-	54,183.00
03/01/2022	54,183.00	-	54,183.00
06/01/2022	54,183.00	-	54,183.00
09/01/2022	54,183.00	-	54,183.00
12/01/2022	54,183.00	-	54,183.00
03/01/2023	54,183.00	-	54,183.00
06/01/2023	54,183.00	-	54,183.00
09/01/2023	54,183.00	-	54,183.00
12/01/2023	54,183.00	-	54,183.00
03/01/2024	54,183.00	-	54,183.00
06/01/2024	54,183.00	-	54,183.00
09/01/2024	54,183.00	-	54,183.00
12/01/2024	54,183.00	-	54,183.00
03/01/2025	54,183.00	-	54,183.00
06/01/2025	54,183.00	-	54,183.00
09/01/2025	54,183.00	-	54,183.00
12/01/2025	54,183.00	-	54,183.00
03/01/2026	54,183.00	-	54,183.00
06/01/2026	54,183.00	-	54,183.00
09/01/2026	54,183.00	-	54,183.00
12/01/2026	54,183.00	-	54,183.00
03/01/2027	54,183.00	-	54,183.00
06/01/2027	54,183.00	-	54,183.00
09/01/2027	54,183.00	-	54,183.00
12/01/2027	54,183.00	-	54,183.00
03/01/2028	54,183.00	-	54,183.00
06/01/2028	54,183.00	-	54,183.00
09/01/2028	54,183.00	-	54,183.00
12/01/2028	54,183.00	-	54,183.00

$8,290,000
Warm Springs Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: February 28, 2007

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
03/01/2029	54,183.00	-	54,183.00
06/01/2029	54,183.00	-	54,183.00
09/01/2029	54,183.00	-	54,183.00
12/01/2029	54,183.00	-	54,183.00
03/01/2030	54,183.00	-	54,183.00
06/01/2030	54,183.00	-	54,183.00
09/01/2030	54,183.00	-	54,183.00
12/01/2030	54,183.00	-	54,183.00
03/01/2031	54,183.00	-	54,183.00
06/01/2031	54,183.00	-	54,183.00
09/01/2031	54,183.00	-	54,183.00
12/01/2031	54,183.00	-	54,183.00
03/01/2032	54,183.00	-	54,183.00
06/01/2032	54,183.00	-	54,183.00
09/01/2032	54,183.00	-	54,183.00
12/01/2032	54,183.00	-	54,183.00
03/01/2033	54,183.00	-	54,183.00
06/01/2033	54,183.00	-	54,183.00
09/01/2033	54,183.00	-	54,183.00
12/01/2033	54,183.00	-	54,183.00
03/01/2034	54,183.00	-	54,183.00
06/01/2034	54,183.00	-	54,183.00
09/01/2034	54,183.00	-	54,183.00
12/01/2034	54,183.00	-	54,183.00
03/01/2035	54,183.00	-	54,183.00
06/01/2035	54,183.00	-	54,183.00
09/01/2035	54,183.00	-	54,183.00
12/01/2035	54,183.00	-	54,183.00
03/01/2036	54,183.00	-	54,183.00
06/01/2036	54,183.00	-	54,183.00
09/01/2036	54,183.00	-	54,183.00
12/01/2036	54,183.00	-	54,183.00
03/01/2037	54,183.00	-	54,183.00
06/01/2037	54,183.00	-	54,183.00
09/01/2037	54,183.00	-	54,183.00
12/01/2037	54,183.00	-	54,183.00
03/01/2038	54,183.00	-	54,183.00
06/01/2038	54,183.00	-	54,183.00
09/01/2038	54,183.00	-	54,183.00
12/01/2038	54,183.00	-	54,183.00
03/01/2039	54,183.00	-	54,183.00
06/01/2039	54,183.00	-	54,183.00
09/01/2039	54,183.00	-	54,183.00
12/01/2039	54,183.00	-	54,183.00

$8,290,000

Warm Springs Public Service District

0% Interest Rate, 40 Years from Closing Date

Closing Date: February 28, 2007

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
03/01/2040	54,183.00	-	54,183.00
06/01/2040	54,183.00	-	54,183.00
09/01/2040	54,183.00	-	54,183.00
12/01/2040	54,183.00	-	54,183.00
03/01/2041	54,183.00	-	54,183.00
06/01/2041	54,183.00	-	54,183.00
09/01/2041	54,183.00	-	54,183.00
12/01/2041	54,183.00	-	54,183.00
03/01/2042	54,183.00	-	54,183.00
06/01/2042	54,183.00	-	54,183.00
09/01/2042	54,183.00	-	54,183.00
12/01/2042	54,183.00	-	54,183.00
03/01/2043	54,183.00	-	54,183.00
06/01/2043	54,183.00	-	54,183.00
09/01/2043	54,183.00	-	54,183.00
12/01/2043	54,183.00	-	54,183.00
03/01/2044	54,183.00	-	54,183.00
06/01/2044	54,183.00	-	54,183.00
09/01/2044	54,183.00	-	54,183.00
12/01/2044	54,183.00	-	54,183.00
03/01/2045	54,183.00	-	54,183.00
06/01/2045	54,183.00	-	54,183.00
09/01/2045	54,183.00	-	54,183.00
12/01/2045	54,183.00	-	54,183.00
03/01/2046	54,183.00	-	54,183.00
06/01/2046	54,183.00	-	54,183.00
09/01/2046	54,183.00	-	54,183.00
12/01/2046	54,183.00	-	54,183.00
Total	**$8,290,000.00**	-	**$8,290,000.00**

Yield Statistics

Bond Year Dollars	$172,385.93
Average Life	20.794 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	8.84E-11
Bond Yield for Arbitrage Purposes	8.84E-11
All Inclusive Cost (AIC)	8.84E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.794 Years

SCHEDULE Z

None.

IC-1
(11/01/04)

$2,019,000

LOAN AGREEMENT

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

WARM SPRINGS PUBLIC SERVICE DISTRICT – SERIES B

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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 the Act and having available sufficient funds therefor, the Council has authorized the Authority 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 Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's 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," "Council," "governmental agency," "project," "waste water facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

1.5 "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.

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

2.4 The Governmental Agency agrees that the Authority and the Council and their 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 the Council and their 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 and the Council 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 and the Council, acting by and through their directors or their 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 and the Council such documents and information as they 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 the Council and their 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 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 Council and the Authority and shall verify or 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 are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, 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 and the Council shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(d) 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 and the Council shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the 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 the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

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

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

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

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

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

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

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

possible to the designated date and mutually agreeable to the Authority, the Council 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 Council.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and 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 sufficient funds are available in the Infrastructure Fund 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.

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 Council:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues shall 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 (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) 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 Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

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

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

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

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

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 and the Council; 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 and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the 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 and the Council within 30 days of adoption thereof;

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

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

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

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

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

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

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 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 State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) 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 and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xxi) That the Governmental Agency 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 Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xxii) 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;

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

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

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

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

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

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

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 the 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 the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

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 and the Council.

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

7.4 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.

7.5 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.

7.6 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.

7.7 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.

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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.

WARM SPRINGS PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: February 15, 2007

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: February 15, 2007

Attest:

_____
Its: Secretary-Treasurer

{C1161308.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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 B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - 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. _____

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

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

Ladies and Gentlemen:

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

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

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

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

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 the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Governmental Agency without the consent of the Authority and the Council.

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 $2,019,000
Purchase Price of Local Bonds $2,019,000

The Local Bonds shall bear no interest. Commencing September 1, 2015, principal on the Local Bonds is payable quarterly. 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 Governmental Agency shall submit its payments monthly to the Commission which will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

The Local Bonds are fully registered in the name of the Authority as to interest, if any, 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.

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency 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 Governmental Agency:

(i) Sewer Revenue Bonds, Series 1977, dated August 15, 1978, issued in the original principal amount of $1,326,000;

(ii) Sewer Revenue Bonds, Series 1989, dated August 3, 1989, issued in the original principal amount of $300,000;

(iii) Sewer Revenue Bonds, Series 1994, dated August 26, 1994, issued in the original principal amount of $1,423,158;

(iv) Sewer Revenue Bonds, Series 1998, dated November 19, 1998, issued in the original principal amount of $400,000;

(v) Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), dated June 25, 2002, issued in the original principal amount of $1,316,000;

(vi) Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated February 15, 2007, issued in the principal amount of $8,290,000); and

(vii) Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program), dated February 15, 2007, issued in the principal amount of $3,000,000.

SCHEDULE Y

$2,019,000

Warm Springs Public Service District

0% Interest Rate, 40 Years from Closing Date, Wraparound SFR Loan

Closing Date: February 28, 2007

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	-	-	-
06/01/2010	-	-	-
09/01/2010	-	-	-
12/01/2010	-	-	-
03/01/2011	-	-	-
06/01/2011	-	-	-
09/01/2011	-	-	-
12/01/2011	-	-	-
03/01/2012	-	-	-
06/01/2012	-	-	-
09/01/2012	-	-	-
12/01/2012	-	-	-
03/01/2013	-	-	-
06/01/2013	-	-	-
09/01/2013	-	-	-
12/01/2013	-	-	-
03/01/2014	-	-	-
06/01/2014	-	-	-
09/01/2014	-	-	-
12/01/2014	-	-	-
03/01/2015	-	-	-
06/01/2015	-	-	-
09/01/2015	16,024.00	-	16,024.00
12/01/2015	16,024.00	-	16,024.00
03/01/2016	16,024.00	-	16,024.00
06/01/2016	16,024.00	-	16,024.00
09/01/2016	16,024.00	-	16,024.00
12/01/2016	16,024.00	-	16,024.00
03/01/2017	16,024.00	-	16,024.00
06/01/2017	16,024.00	-	16,024.00
09/01/2017	16,024.00	-	16,024.00
12/01/2017	16,024.00	-	16,024.00

$2,019,000
Warm Springs Public Service District
0% Interest Rate, 40 Years from Closing Date, Wraparound SFR Loan
Closing Date: February 28, 2007

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
03/01/2018	16,024.00	-	16,024.00
06/01/2018	16,024.00	-	16,024.00
09/01/2018	16,024.00	-	16,024.00
12/01/2018	16,024.00	-	16,024.00
03/01/2019	16,024.00	-	16,024.00
06/01/2019	16,024.00	-	16,024.00
09/01/2019	16,024.00	-	16,024.00
12/01/2019	16,024.00	-	16,024.00
03/01/2020	16,024.00	-	16,024.00
06/01/2020	16,024.00	-	16,024.00
09/01/2020	16,024.00	-	16,024.00
12/01/2020	16,024.00	-	16,024.00
03/01/2021	16,024.00	-	16,024.00
06/01/2021	16,024.00	-	16,024.00
09/01/2021	16,024.00	-	16,024.00
12/01/2021	16,024.00	-	16,024.00
03/01/2022	16,024.00	-	16,024.00
06/01/2022	16,024.00	-	16,024.00
09/01/2022	16,024.00	-	16,024.00
12/01/2022	16,024.00	-	16,024.00
03/01/2023	16,024.00	-	16,024.00
06/01/2023	16,024.00	-	16,024.00
09/01/2023	16,024.00	-	16,024.00
12/01/2023	16,024.00	-	16,024.00
03/01/2024	16,024.00	-	16,024.00
06/01/2024	16,024.00	-	16,024.00
09/01/2024	16,024.00	-	16,024.00
12/01/2024	16,024.00	-	16,024.00
03/01/2025	16,024.00	-	16,024.00
06/01/2025	16,024.00	-	16,024.00
09/01/2025	16,024.00	-	16,024.00
12/01/2025	16,024.00	-	16,024.00
03/01/2026	16,024.00	-	16,024.00
06/01/2026	16,024.00	-	16,024.00
09/01/2026	16,024.00	-	16,024.00
12/01/2026	16,024.00	-	16,024.00
03/01/2027	16,024.00	-	16,024.00
06/01/2027	16,024.00	-	16,024.00
09/01/2027	16,024.00	-	16,024.00
12/01/2027	16,024.00	-	16,024.00
03/01/2028	16,024.00	-	16,024.00
06/01/2028	16,024.00	-	16,024.00
09/01/2028	16,024.00	-	16,024.00
12/01/2028	16,024.00	-	16,024.00

$2,019,000

Warm Springs Public Service District

0% Interest Rate, 40 Years from Closing Date, Wraparound SFR Loan

Closing Date: February 28, 2007

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
03/01/2029	16,024.00	-	16,024.00
06/01/2029	16,024.00	-	16,024.00
09/01/2029	16,024.00	-	16,024.00
12/01/2029	16,024.00	-	16,024.00
03/01/2030	16,024.00	-	16,024.00
06/01/2030	16,024.00	-	16,024.00
09/01/2030	16,024.00	-	16,024.00
12/01/2030	16,024.00	-	16,024.00
03/01/2031	16,024.00	-	16,024.00
06/01/2031	16,024.00	-	16,024.00
09/01/2031	16,024.00	-	16,024.00
12/01/2031	16,024.00	-	16,024.00
03/01/2032	16,024.00	-	16,024.00
06/01/2032	16,024.00	-	16,024.00
09/01/2032	16,024.00	-	16,024.00
12/01/2032	16,024.00	-	16,024.00
03/01/2033	16,024.00	-	16,024.00
06/01/2033	16,024.00	-	16,024.00
09/01/2033	16,024.00	-	16,024.00
12/01/2033	16,024.00	-	16,024.00
03/01/2034	16,024.00	-	16,024.00
06/01/2034	16,024.00	-	16,024.00
09/01/2034	16,024.00	-	16,024.00
12/01/2034	16,024.00	-	16,024.00
03/01/2035	16,024.00	-	16,024.00
06/01/2035	16,024.00	-	16,024.00
09/01/2035	16,024.00	-	16,024.00
12/01/2035	16,024.00	-	16,024.00
03/01/2036	16,024.00	-	16,024.00
06/01/2036	16,024.00	-	16,024.00
09/01/2036	16,024.00	-	16,024.00
12/01/2036	16,024.00	-	16,024.00
03/01/2037	16,024.00	-	16,024.00
06/01/2037	16,024.00	-	16,024.00
09/01/2037	16,024.00	-	16,024.00
12/01/2037	16,024.00	-	16,024.00
03/01/2038	16,024.00	-	16,024.00
06/01/2038	16,024.00	-	16,024.00
09/01/2038	16,024.00	-	16,024.00
12/01/2038	16,024.00	-	16,024.00
03/01/2039	16,024.00	-	16,024.00
06/01/2039	16,024.00	-	16,024.00
09/01/2039	16,024.00	-	16,024.00
12/01/2039	16,024.00	-	16,024.00

$2,019,000
Warm Springs Public Service District
0% Interest Rate, 40 Years from Closing Date, Wraparound SFR Loan
Closing Date: February 28, 2007

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
03/01/2040	16,024.00	-	16,024.00
06/01/2040	16,024.00	-	16,024.00
09/01/2040	16,024.00	-	16,024.00
12/01/2040	16,024.00	-	16,024.00
03/01/2041	16,023.00	-	16,023.00
06/01/2041	16,023.00	-	16,023.00
09/01/2041	16,023.00	-	16,023.00
12/01/2041	16,023.00	-	16,023.00
03/01/2042	16,023.00	-	16,023.00
06/01/2042	16,023.00	-	16,023.00
09/01/2042	16,023.00	-	16,023.00
12/01/2042	16,023.00	-	16,023.00
03/01/2043	16,023.00	-	16,023.00
06/01/2043	16,023.00	-	16,023.00
09/01/2043	16,023.00	-	16,023.00
12/01/2043	16,023.00	-	16,023.00
03/01/2044	16,023.00	-	16,023.00
06/01/2044	16,023.00	-	16,023.00
09/01/2044	16,023.00	-	16,023.00
12/01/2044	16,023.00	-	16,023.00
03/01/2045	16,023.00	-	16,023.00
06/01/2045	16,023.00	-	16,023.00
09/01/2045	16,023.00	-	16,023.00
12/01/2045	16,023.00	-	16,023.00
03/01/2046	16,023.00	-	16,023.00
06/01/2046	16,023.00	-	16,023.00
09/01/2046	16,023.00	-	16,023.00
12/01/2046	16,023.00	-	16,023.00
Total	**$2,019,000.00**	-	**$2,019,000.00**

Yield Statistics

Bond Year Dollars	$48,797.80
Average Life	24.169 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	4.24E-11
Bond Yield for Arbitrage Purposes	4.24E-11
All Inclusive Cost (AIC)	4.24E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	24.169 Years

SCHEDULE Z

None.

SRF-BPA-1
(11/01/04)

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").

WARM SPRINGS PUBLIC SERVICE DISTRICT
(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 notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

(xvii) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F

and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

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

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to

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

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

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

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

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

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

the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

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

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

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

ARTICLE V

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

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

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

such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Bond Purchase Agreement.

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

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

ARTICLE VI

Other Agreements of the Local Government

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

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

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

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

desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

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

ARTICLE VII

Miscellaneous

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

7.2 If any provision of this Bond Purchase Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall

not affect any of the remaining provisions of this Bond Purchase Agreement, and this Bond Purchase Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

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

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

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

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

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

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

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

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

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are not appropriated

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

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

WARM SPRINGS PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: Jan. 10, 2007

Attest:

Isaac T. Bohrer
Its: Secretary

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

By: _____
Its: Director
Date: 1-16-07

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: January 9, 2007

Attest:

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

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

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

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

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

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

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$3,000,000
Purchase Price of Local Bonds	$3,000,000

The Local Bonds shall bear no interest. Commencing December 1, 2008, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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.

(i) Sewer Revenue Bonds, Series 1977, Dated August 15, 1978, issued in the original principal amount of $1,326,000;

(ii) Sewer Revenue Bonds, Series 1989, dated August 3, 1989, issued in the original principal amount of $300,000;

(iii) Sewer Revenue Bonds, Series 1994, dated August 26, 1994, issued in the original principal amount of $1,423,158;

(iv) Sewer Revenue Bonds, Series 1998, dated November 19, 1998, issued in the original principal amount of $400,000;

(v) Sewer Revenue Bonds, Series 2002A (West Virginia SRF Program), dated June 25, 2002, issued in the original principal amount of $1,316,000;

(vi) Sewer Revenue Bonds, Series 2007A (West Virginia Infrastructure Fund), dated February 15, 2007, issued in the original principal amount of $8,290,000; and

(vii) Sewer Revenue Bonds, Series 2007B (West Virginia Infrastructure Fund), dated February 15, 2007, issued in the original principal amount of $2,019,000.

SCHEDULE Y

$3,000,000

Warm Springs Public Service District

0% Interest Rate, 0.5% Administrative Fee

Closing Date: February 28, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	9,468.00	-	9,468.00
03/01/2009	9,468.00	-	9,468.00
06/01/2009	9,468.00	-	9,468.00
09/01/2009	9,468.00	-	9,468.00
12/01/2009	9,468.00	-	9,468.00
03/01/2010	9,468.00	-	9,468.00
06/01/2010	9,468.00	-	9,468.00
09/01/2010	9,468.00	-	9,468.00
12/01/2010	9,468.00	-	9,468.00
03/01/2011	9,468.00	-	9,468.00
06/01/2011	9,468.00	-	9,468.00
09/01/2011	9,468.00	-	9,468.00
12/01/2011	9,468.00	-	9,468.00
03/01/2012	9,468.00	-	9,468.00
06/01/2012	9,468.00	-	9,468.00
09/01/2012	9,468.00	-	9,468.00
12/01/2012	9,468.00	-	9,468.00
03/01/2013	9,468.00	-	9,468.00
06/01/2013	9,468.00	-	9,468.00
09/01/2013	9,468.00	-	9,468.00
12/01/2013	9,468.00	-	9,468.00
03/01/2014	9,468.00	-	9,468.00
06/01/2014	9,468.00	-	9,468.00
09/01/2014	9,468.00	-	9,468.00
12/01/2014	9,468.00	-	9,468.00
03/01/2015	9,468.00	-	9,468.00
06/01/2015	9,468.00	-	9,468.00
09/01/2015	9,468.00	-	9,468.00
12/01/2015	9,468.00	-	9,468.00
03/01/2016	9,468.00	-	9,468.00
06/01/2016	9,468.00	-	9,468.00
09/01/2016	9,468.00	-	9,468.00
12/01/2016	9,468.00	-	9,468.00
03/01/2017	9,468.00	-	9,468.00
06/01/2017	9,468.00	-	9,468.00
09/01/2017	9,468.00	-	9,468.00
12/01/2017	9,468.00	-	9,468.00

$3,000,000
Warm Springs Public Service District
0% Interest Rate, 0.5% Administrative Fee
Closing Date: February 28, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2018	9,468.00	-	9,468.00
06/01/2018	9,468.00	-	9,468.00
09/01/2018	9,468.00	-	9,468.00
12/01/2018	9,468.00	-	9,468.00
03/01/2019	9,468.00	-	9,468.00
06/01/2019	9,468.00	-	9,468.00
09/01/2019	9,468.00	-	9,468.00
12/01/2019	29,001.00	-	29,001.00
03/01/2020	29,001.00	-	29,001.00
06/01/2020	29,001.00	-	29,001.00
09/01/2020	29,001.00	-	29,001.00
12/01/2020	29,001.00	-	29,001.00
03/01/2021	29,001.00	-	29,001.00
06/01/2021	29,001.00	-	29,001.00
09/01/2021	29,001.00	-	29,001.00
12/01/2021	29,001.00	-	29,001.00
03/01/2022	29,001.00	-	29,001.00
06/01/2022	29,001.00	-	29,001.00
09/01/2022	29,001.00	-	29,001.00
12/01/2022	29,001.00	-	29,001.00
03/01/2023	29,001.00	-	29,001.00
06/01/2023	29,001.00	-	29,001.00
09/01/2023	29,001.00	-	29,001.00
12/01/2023	29,001.00	-	29,001.00
03/01/2024	29,001.00	-	29,001.00
06/01/2024	29,001.00	-	29,001.00
09/01/2024	29,001.00	-	29,001.00
12/01/2024	29,001.00	-	29,001.00
03/01/2025	29,001.00	-	29,001.00
06/01/2025	29,001.00	-	29,001.00
09/01/2025	29,001.00	-	29,001.00
12/01/2025	29,001.00	-	29,001.00
03/01/2026	29,001.00	-	29,001.00
06/01/2026	29,001.00	-	29,001.00
09/01/2026	29,001.00	-	29,001.00
12/01/2026	29,001.00	-	29,001.00
03/01/2027	29,001.00	-	29,001.00
06/01/2027	29,001.00	-	29,001.00
09/01/2027	29,001.00	-	29,001.00
12/01/2027	29,001.00	-	29,001.00
03/01/2028	29,001.00	-	29,001.00
06/01/2028	29,001.00	-	29,001.00
09/01/2028	29,001.00	-	29,001.00
12/01/2028	29,001.00	-	29,001.00

$3,000,000
Warm Springs Public Service District
0% Interest Rate, 0.5% Administrative Fee
Closing Date: February 28, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2029	29,001.00	-	29,001.00
06/01/2029	29,001.00	-	29,001.00
09/01/2029	29,001.00	-	29,001.00
12/01/2029	29,001.00	-	29,001.00
03/01/2030	29,001.00	-	29,001.00
06/01/2030	33,879.50	-	33,879.50
09/01/2030	33,879.50	-	33,879.50
12/01/2030	33,879.50	-	33,879.50
03/01/2031	33,879.50	-	33,879.50
06/01/2031	33,879.50	-	33,879.50
09/01/2031	33,879.50	-	33,879.50
12/01/2031	33,879.50	-	33,879.50
03/01/2032	33,879.50	-	33,879.50
06/01/2032	33,879.50	-	33,879.50
09/01/2032	33,879.50	-	33,879.50
12/01/2032	33,879.50	-	33,879.50
03/01/2033	33,879.50	-	33,879.50
06/01/2033	33,879.50	-	33,879.50
09/01/2033	33,879.50	-	33,879.50
12/01/2033	33,879.50	-	33,879.50
03/01/2034	33,879.50	-	33,879.50
06/01/2034	45,675.00	-	45,675.00
09/01/2034	45,675.00	-	45,675.00
12/01/2034	45,675.00	-	45,675.00
03/01/2035	45,675.00	-	45,675.00
06/01/2035	45,675.00	-	45,675.00
09/01/2035	45,675.00	-	45,675.00
12/01/2035	45,675.00	-	45,675.00
03/01/2036	45,675.00	-	45,675.00
06/01/2036	45,675.00	-	45,675.00
09/01/2036	45,675.00	-	45,675.00
12/01/2036	45,675.00	-	45,675.00
03/01/2037	45,675.00	-	45,675.00
06/01/2037	45,675.00	-	45,675.00
09/01/2037	45,675.00	-	45,675.00
12/01/2037	45,675.00	-	45,675.00
03/01/2038	45,675.00	-	45,675.00
06/01/2038	45,675.00	-	45,675.00
09/01/2038	45,675.00	-	45,675.00
12/01/2038	1,144.00	-	1,144.00
Total	**$3,000,000.00**	-	**$3,000,000.00** *

Plus $2,398.65 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is $290,236.65.

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

BOND RESOLUTION

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WARM SPRINGS PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF WARM SPRINGS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 C (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS AND A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF WARM SPRINGS PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted

pursuant to the provisions of the Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Warm Springs Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Morgan 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 sewer facilities of the Issuer, consisting of an upgrade of the wastewater treatment plant and an extension to serve 225 new customers in Berkeley Springs, Morgan County, together with all appurtenant facilities (collectively, the "Project"), which constitute public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewer facilities of the Issuer, the Project and any further improvements thereto or extensions thereof 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 has received bids for the Project. It is deemed necessary for the Issuer to issue its Bond being its Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) in an aggregate principal amount of not more than $9,000,000 (the "Series 2007 A Bonds"), Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) in an aggregate principal amount of not more than $3,000,000 (the "Series 2007 B Bonds") and the Sewer Revenue Bonds, Series 2007 C in an aggregate principal amount of not more than $3,000,000 (West Virginia SRF Program) (the "Series 2007 C Bonds", and collectively with the Series 2007 A Bonds and the Series 2007 B Bonds, the "Series 2007 Bonds") to permanently finance a portion of the costs of the Project and the costs of issuance of the Bonds and related costs. Such costs shall be deemed to include the cost of acquisition and construction of any public service properties and any improvements and extensions thereto, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2007 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Reserve Account and the Series 2007 C Bonds Reserve Account (as hereinafter defined); engineering and legal

expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2007 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition and construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2007 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2007 A Bonds and the Series 2007 B Bonds be sold to the Authority pursuant to the terms and provisions of loan agreements by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and that the Series 2007 C Bonds be sold to 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"), (the "Bond Purchase Agreement"), both loan agreements and the bond purchase agreement in forms satisfactory to the respective parties (collectively, the "Loan Agreements"), approved hereby if not previously approved by resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 Bonds as to liens, pledge and source of and security for payment, being the (i) Sewer Revenue Bonds, Series 1977, dated August 15, 1978, issued in the original aggregate principal amount of $1,326,000 (the "Series 1977 Bonds"); (ii) Sewer Revenue Bonds, Series 1989, dated August 3, 1989, issued in the original aggregate principal amount of $300,000 (the "Series 1989 Bonds"); (iii) Sewer Revenue Bonds, Series 1994, dated August 26, 1994, issued in the original aggregate principal amount of $1,423,158 (the "Series 1994 Bonds"); (iv) Sewer Revenue Bonds, Series 1998, dated November 19, 1998, issued in the original aggregate principal amount of $400,000 (the "Series 1998 Bonds"); and (v) Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), dated June 25, 2002, issued in the original aggregate principal amount of $1,316,000 (the "Series 2002 A Bonds") (collectively, the "Prior Bonds").

The Series 2007 Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of security for payment and in all other respects. Prior to

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

G. 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 Operating Expenses of the System and the principal of and interest on the Prior Bonds and the Series 2007 Bonds and to make payments into all funds and accounts and other payments provided for herein.

H. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements relating to authorization of the design of the Project and issuance of the Series 2007 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia (the "PSC") by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2007 Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 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 such Series 2007 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other 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 31, Article 15A and Chapter 22C, Article 2 of the Code of West Virginia 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 2007 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairperson of the Governing Body of the Issuer or any temporary Chairperson duly elected by the Governing Body.

"Bondholders," "Holder of the Bonds," "Holder," "Registered Owner," "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 Issuer, the bank or other entity to be designated as such in this Bond Resolution, or the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2007 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.

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

"Closing Date" means the date upon which there is an exchange of the Series 2007 Bonds for all or a portion of the proceeds of the Series 2007 Bonds.

"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.

"Construction Trust Fund" means the Series 2007 Bonds Construction Trust Fund.

"Consulting Engineers" means Commonwealth Engineering and Technology, Inc., Harrisburg, Pennsylvania 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 Code of West Virginia, 1931, as amended; provided however, that the Consulting Engineers shall not be a

regular full-time employee of the State or any of its agencies, commissions or political subdivisions.

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

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

"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 or banks designated as such in the Supplemental Resolution and any successors and assigns, which shall be a member of FDIC.

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

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

"Governing Body" 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 money 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 defined).

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

"Loan Agreements" means the loan agreements heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2007 A Bonds and the Series 2007 B Bonds from the Issuer by the Authority, and the bond purchase agreement by and among Issuer, the Authority and DEP providing for the purchase of the Series 2007 C Bonds, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2007 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the 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 2007 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, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents, notices 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 2007 Bonds in the Supplemental Resolution.

"Prior Bonds" shall have the meaning described in Section 1.02F hereof.

"Prior Resolutions" means, collectively, the resolutions and supplemental resolutions of the Issuer adopted on October 4, 1977, August 3, 1989, August 10, 1994, November 19, 1998, and June 18, 2002, authorizing the Prior Bonds.

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

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

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

"PSC Order" means, collectively, the final order or orders of the PSC approving the financing for the Project and the rates of the System.

"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; Governmental National Mortgage Association; Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

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

(e) Time accounts, (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account 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, the only assets are investments of the type described in paragraphs (a) through (e) above; and

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the Code of West Virginia, 193 1, as amended; and

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2007 Bonds and the Prior Bond.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

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

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

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

"Series 2007 Bonds Construction Trust Fund" means the Series 2007 Bonds Construction Fund created by Section 6.01 hereof.

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

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

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

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

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

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

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

"Series 2007 C Bonds" means the Sewer Revenue Bonds, Series 2007 C (West West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2007 C Bonds Reserve Account" means the Series 2007 C Bonds Reserve Account created by Section 5.02 hereof.

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

"Series 2007 C Bonds Sinking Fund" means the Series 2007 C Bonds Sinking Fund created by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2007 Bonds and the Prior Bonds.

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

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local government 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 2007 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect the Series 2007 Bonds, and not so included, may be included in another Supplemental Resolution.

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

"System" means the complete public service 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 the System from any sources whatsoever.

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

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

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

ARTICLE II

AUTHORIZATION OF THE PROJECT, APPROVAL OF THE LOAN AGREEMENTS AND PAYMENT OF DESIGN LOAN

Section 2.01. Authorization of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $15,759,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The Costs of the Project will be paid as follows: approximately $9,000,000 will be paid from proceeds of the Series 2007 A Bonds, approximately $3,000,000 will be paid from proceeds of the Series 2007 B Bonds, $3,000,000 will be paid from proceeds of the Series 2007 C Bonds and $2,450,000 will be obtained from proceeds of a grant by the Council. The proceeds of the Series 2007 Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

Section 2.02. Approval of Loan Agreements. The Issuer hereby approves the Loan Agreements and the sale of the Series 2007 Bonds pursuant to the Loan Agreements. The Issuer is hereby authorized and directed to execute and deliver the Loan Agreements to the Authority. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreements.

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 paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2007 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 2007 A Bonds, the Series 2007 B Bonds and Series 2007 C Bonds of the Issuer. The Series 2007 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $9,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 2007 B Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $3,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 2007 C Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program)," in the principal amount of not more than $3,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

The aggregate principal amount of the Series 2007 Bonds need not be paid to the Issuer upon delivery of the Series 2007 Bonds but may be advanced to the Issuer as requested by the Issuer from time to time; and the Series 2007 Bonds shall evidence only the indebtedness recorded on the Record of Advances attached hereto and incorporated therein.

Section 3.02. Terms of Bonds. A. The Series 2007 Bonds shall be issued in such principal amount; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreements. The Series 2007 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 2007 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 Series 2007 A Bonds, the Series 2007 B Bonds and the Series 2007 C Bonds shall each be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2007 A Bonds, the Series 2007 B Bonds and the Series 2007 C Bonds, respectively. The Series 2007 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 the 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 have such terms as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2007 Bonds shall be executed in the name of the Issuer by the Chairperson, 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 any of the Series 2007 Bonds shall cease to be such officer of the Issuer before the Series 2007 Bonds so signed and sealed have been actually sold and delivered, such Series 2007 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds has not ceased to hold such office. Any Series 2007 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. Bond Registrar; Authentication and Registration. The Bond Registrar for the Series 2007 Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No such Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms 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 such Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of such Bonds issued hereunder.

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

So long as the Series 2007 Bonds remain Outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

In all cases in which the privilege of exchanging the Series 2007 Bonds or transferring the registered Series 2007 Bonds is exercised, all such Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All such Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of such 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 the Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of the Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2007 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 canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2007 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 on parity with the lien of the Prior Bonds. No Holder or Holders of such Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay such Bonds or the interest, if any, thereon.

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

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2007 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 Bonds to the original purchasers upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver such Bonds to the original purchasers.

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

(FORM OF SERIES 2007 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That WARM SPRINGS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Morgan County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____) or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing _____ 1, _____, as set forth on the " Debt Service Schedule" attached as EXHBIT B hereto and incorporated herein by reference, bearing interest at the rate set forth in Exhibit B.

Principal installments of this Bond and interest are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. 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 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____, (collectively, the "Bond Legislation"), and is

subject to all the terms and conditions thereof. This Bond is being issued simultaneously with the Issuer's Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) (the "Series 2007 B Bonds") and the Issuer's Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program) (the "Series 2007 C Bonds"). The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SERIES 2007 B BONDS, THE ISSUER'S SERIES 2007 C BONDS AND THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1977, DATED AUGUST 15, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,326,000 (the "Series 1977 Bonds"); (ii) SEWER REVENUE BONDS, SERIES 1989, DATED AUGUST 3, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000 (the "Series 1989 Bonds"); (iii) SEWER REVENUE BONDS, SERIES 1994, DATED AUGUST 26, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,423,158 (the "Series 1994 Bonds"); (iv) SEWER REVENUE BONDS, SERIES 1998, DATED NOVEMBER 19, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (the "Series 1998 Bonds"); AND (v) SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 25, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,316,000 (the "Series 2002 A Bonds") (collectively, the "Prior Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2007 A Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2007 A Bonds Reserve Account") and unexpended proceeds of this Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2007 A Bonds Reserve Account and unexpended Bond Proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Series 2007 B Bonds and the Series 2007 C Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the

then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Series 2007 B Bonds, the Series 2007 C Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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 the costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 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, WARM SPRINGS PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, _____.

[SEAL]

_____
Chairperson

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $	_____, ____	(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2007 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That WARM SPRINGS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Morgan County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____) or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing _____ 1, _____, as set forth on the " Debt Service Schedule" attached as EXHBIT B hereto and incorporated herein by reference, bearing interest at the rate set forth in Exhibit B.

Principal installments of this Bond and interest are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. 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 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____, (collectively, the "Bond Legislation"), and is

subject to all the terms and conditions thereof. This Bond is being issued simultaneously with the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds") and the Issuer's Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program) (the "Series 2007 C Bonds"). The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SERIES 2007 A BONDS, THE ISSUER'S SERIES 2007 C BONDS AND THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1977, DATED AUGUST 15, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,326,000 (the "Series 1977 Bonds"); (ii) SEWER REVENUE BONDS, SERIES 1989, DATED AUGUST 3, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000 (the "Series 1989 Bonds"); (iii) SEWER REVENUE BONDS, SERIES 1994, DATED AUGUST 26, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,423,158 (the "Series 1994 Bonds"); (iv) SEWER REVENUE BONDS, SERIES 1998, DATED NOVEMBER 19, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (the "Series 1998 Bonds"); AND (v) SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 25, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,316,000 (the "Series 2002 A Bonds") (collectively, the "Prior Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2007 B Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2007 B Bonds Reserve Account") and unexpended proceeds of this Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2007 A Bonds Reserve Account and unexpended Bond Proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Series 2007 A Bonds, the Series 2007 C Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2007 B Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the

then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Series 2007 A Bonds, the Series 2007 C Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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 the costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 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, WARM SPRINGS PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, _____.

[SEAL]

_____
Chairperson

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $	_____, _____	(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2007 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

No. BR-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That WARM SPRINGS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Morgan County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____) or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing _____ 1, _____, as set forth on the " Debt Service Schedule" attached as EXHBIT 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, _____, as set forth on EXHIBIT B attached hereto.

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and extensions designed by 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____, (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. This Bond is being issued simultaneously with the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds") and the Issuer's Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) (the "Series 2007 B Bonds"). The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SERIES 2007 A BONDS, THE ISSUER'S SERIES 2007 B BONDS AND THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1977, DATED AUGUST 15, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,326,000 (the "Series 1977 Bonds"); (ii) SEWER REVENUE BONDS, SERIES 1989, DATED AUGUST 3, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000 (the "Series 1989 Bonds"); (iii) SEWER REVENUE BONDS, SERIES 1994, DATED AUGUST 26, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,423,158 (the "Series 1994 Bonds"); (iv) SEWER REVENUE BONDS, SERIES 1998, DATED NOVEMBER 19, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (the "Series 1998 Bonds"); AND (v) SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 25, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,316,000 (the "Series 2002 A Bonds") (collectively, the "Prior Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 C Bonds Reserve Account") and unexpended proceeds of this Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2007 C Bonds Reserve Account and unexpended Bond Proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a

lien on or payable from such revenues on a parity with the Bonds, including the Series 2007 A Bonds, the Series 2007 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2007 C Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2007 A Bonds, the Series 2007 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

[SEAL]

_____
Chairperson

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $	_____, _____	(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

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 said Bond on the books kept for registration thereof 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 Series 2007 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 Chairperson is specifically authorized and directed to execute the Loan Agreements and the Secretary is directed to affix the seal of the Issuer thereto, 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. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the design of the Project, the Issuer will file with the Authority, DEP and the Council, a schedule, the forms of which will be provided by the Council and DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (created by the Prior Resolutions and hereby continued);

(2) Renewal and Replacement Fund (created by the Prior Resolutions and hereby continued); and

(3) Series 2007 Bonds Construction Trust Fund

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

(1) Series 1977 Bonds Reserve Account (created by the Prior Resolutions);

(2) Series 1989 Bonds Reserve Account (created by the Prior Resolutions);

(3) Series 1994 Bonds Reserve Account (created by the Prior Resolutions);

(4) Series 1998 Bonds Reserve Account (created by the Prior Resolutions);

(5) Series 2002 A Bonds Sinking Fund (created by the Prior Resolutions);

(6) Series 2002 A Bonds Reserve Account (created by the Prior Resolutions);

(7) Series 2007 A Bonds Sinking Fund;

(8) Series 2007 A Bonds Reserve Account;

(9) Series 2007 B Bonds Sinking Fund; and

(10) Series 2007 B Bonds Reserve Account.

(11) Series 2007 C Bonds Sinking Fund; and

(12) Series 2007 C Bonds Reserve Account

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously with the required payments for the Prior Bonds (i) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, the Series 2007 B Bonds and the Series 2007 C Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, the Series 2007 B Bonds Sinking Fund and the Series 2007 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and become due, if any, on the Series 2007 A Bonds, the Series 2007 B Bonds and on the Series 2007 C Bonds, respectively, on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund, the Series 2007 B Bonds Sinking Fund and the Series 2007 C Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, the Series 2007 B Bonds and the Series 2007 C Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, the Series 2007 B Bonds Sinking Fund and the Series 2007 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 A Bonds, the Series 2007 B Bonds and the Series 2007 C Bonds, respectively, on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund, the Series 2007 B Bonds Sinking Fund and the Series 2007 C Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, commencing 3 months after the completion of design of the Project, as certified by the Consulting Engineers, with the requirements for the Prior Bonds, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Reserve Account and the Series 2007 C Bonds Reserve Account, an amount equal to $1/120^{th}$ of the Series 2007 A Bonds Reserve Requirement, the Series 2007 B Bonds Reserve Requirement and the Series 2007 C Bonds Reserve Requirement, respectively, until the amount in the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Reserve Account and the Series 2007 C Bonds Reserve Account equals the Series 2007 A Bonds Reserve Requirement, the Series 2007 B Bonds Reserve Requirement and the Series 2007 C Bonds Reserve Requirement, respectively; provided that, no further payments shall be made into the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Reserve Account or the and the Series 2007 C Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2007 A Bonds Reserve Requirement, the Series 2007 B Bonds Reserve Requirement and the Series 2007 C Bonds Reserve Requirement, respectively.

(4) The Issuer shall next, on the first day of each month, commencing 3 months after the completion of design of the Project, as certified by the Consulting Engineers, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 ½% of the Gross Revenues each month (as 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, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

All investment earnings on moneys in the Series 2007 A Bonds Sinking Fund, and the Series 2007 A Bonds Reserve Account (if fully funded) 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 Construction Trust Fund, and following completion of construction of the Project, such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2007 A Bonds and then to the next ensuing principal payment due thereon, all on a pro rata basis. All investment earnings on moneys in the Series 2007 B Bonds Sinking Fund, and the Series 2007 B Bonds Reserve Account (if fully funded) 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 Construction Trust Fund, and following completion of construction of the Project, such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2007 B Bonds and then to the next ensuing principal payment due thereon, all on a pro rata basis. All investment earnings on moneys in the Series 2007 C Bonds Sinking Fund, and the Series 2007 C Bonds Reserve Account (if fully funded) 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 Construction Trust Fund, and following completion of construction of the Project, such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2007 C Bonds and then to the next ensuing principal payment due thereon, all on a pro rata basis.

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

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

The Issuer shall not be required to make any further payments into the Series 2007 A Bonds Sinking Fund, the Series 2007 B Bonds Sinking Fund, the Series 2007 C Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Reserve Account or the Series 2007 C Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2007 A Bonds, the Series 2007 B Bonds or the Series 2007 C Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

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

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

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

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

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payments and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such longer 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 respective parties 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 or the Government at any time, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

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

A. From the proceeds of the Series 2007 A Bonds, the Series 2007 B Bonds and the Series 2007 C Bonds, there shall first be deposited with the Commission in the Series 2007 A Bonds Sinking Fund, the Series 2007 B Bonds Sinking Fund and the Series 2007 C Bonds Sinking Fund, respectively, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

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

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2007 A Bonds, the Series 2007 B Bonds and the Series 2007 C Bonds, such monies shall be deposited with the Depository Bank in the Construction Trust Fund and applied solely to the payment of the costs of the design of the Project and the costs of issuance and related costs, and until so expended, are hereby pledged as additional security for the Series 2007 A Bonds, the Series 2007 B Bonds and the Series 2007 C Bonds.

D. After completion of design of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2007 A Bonds shall be used to fund the Series 2007 A Bonds Reserve Account, if not funded upon issuance of the Series 2007 A Bonds, in an amount not to exceed the Series 2007 A Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2007 A Bonds be deposited in the Series 2007 A Bonds Reserve Account. Any remaining proceeds of the Series 2007 A Bonds thereafter shall be used as directed by the Council. Any remaining proceeds of the Series 2007 B Bonds shall be used to fund the Series 2007 B Bonds Reserve Account, if not funded upon issuance of the Series 2007 B Bonds, in an amount not to exceed the Series 2007 B Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2007 B Bonds be deposited in the Series 2007 B Bonds Reserve Account. Any remaining proceeds of the Series 2007 B Bonds thereafter shall be used as directed by the Council. Any remaining proceeds of the Series 2007 C Bonds shall be used to fund the Series 2007 C Bonds Reserve Account, if not funded upon issuance of the Series 2007 C Bonds, in an amount not to exceed the Series 2007 C

Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2007 C Bonds be deposited in the Series 2007 C Bonds Reserve Account. Any remaining proceeds of the Series 2007 C Bonds thereafter shall be used as directed by the DEP.

Section 6.02. Disbursements From the Construction Trust Fund. A. 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 2007 C Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Construction Trust Fund, to be allocated from the Series 2007 C Bonds proceeds, 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 Bond Purchase Agreement for the Series 2007 C Bonds, 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.

B. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Construction Trust Fund, to be allocated from the Series 2007 Bonds and Series 2007 B Bonds proceeds, shall be made only after submission and approval from the Council, 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.

Pending such application, moneys in the Project Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2007 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 2007 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2007 Bonds or the interest 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 2007 Bonds and the Prior Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the operation of the System. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2007 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreements. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in and approved by the PSC Order and such rates are hereby adopted.

So long as the Series 2007 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 this Bond Legislation and in compliance with the Loan Agreements. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2007 Bonds shall provide 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, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements.

Section 7.05. Sale of the System. So long as the Series 2007 Bonds are outstanding and except as otherwise required by law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to 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 be remitted to the respective Sinking Funds and applied to the payment of principal of and interest, if any, on the Series 2007 Bonds. Any balance remaining after the payment of the Series 2007 Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of$10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with the Managing Engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2007 Bonds, and the interest thereon, if any, upon any of the income and revenues of the System pledged for payment of the Series 2007 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 Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided.

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

No such Parity Bonds shall be issued except for the purposes 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.

So long as the Series 1977 Bonds, the Series 1989 Bonds and the Series 1998 Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 1977 Bonds, the Series 1989 Bonds and the Series 1998 Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1977 Bonds, the Series 1989 Bonds and the Series 1998 Bonds are no longer outstanding, the following parity requirement shall be met:

No such Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by 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 and Prior 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 the financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer and approved by the PSC, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, 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 2007 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Projects and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the design 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 Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction 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 currently accepted accounting principles and safeguards to the extent allowed and as prescribed by the PSC. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council and the Authority, or any other original purchaser of the Series 2007 Bonds, and shall mail in each year to any Holder or Holders of the Series 2007 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 completely 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 said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2007 Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2007 Bonds. Such audit report submitted to the Authority and the Council 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.

Section 7.09. Rates. Prior to the issuance of Series 2007 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Reserve Accounts and the reserve accounts for obligations on a parity with the Series 2007 Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of he maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 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 30 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 Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the managing 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 the managing 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 Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the DEP, the Authority, the Council and the Government and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

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

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

The Issuer shall provide and maintain adequate and competent engineering services satisfactory to the DEP, the Authority and the Council 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 DEP, the Authority, the Council 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.

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, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the PSC and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or charges for the services or facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the PSC, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and any rules and regulations promulgated by the PSC, discontinue and shut off the

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 PSC and all rules, regulations and orders of the PSC.

Section 7.14. No Free Services. Except as required by law, 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 Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the 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 required 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 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 Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

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

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

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

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

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

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 to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage

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

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

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

The Issuer has obtained all permits required by state and federal laws for the operation of the System, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the design of the Project and the operation of the System and all approvals for issuance of the Series 2007 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. [Reserved]

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2007 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, and shall take effect immediately upon delivery of the Series 2007 Bonds.

Section 7.20. Compliance with Loan Agreements and Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Loan Agreements and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the Council and 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 Project and the operation, maintenance and use of the System.

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2007 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the DEP for written approval. The Issuer shall obtain the written approval of the Council the DEP before expending any proceeds of the Series 2007 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 and the Council before expending any proceeds of the Series 2007 Bonds made available due to bid or construction or project underruns.

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

Section 7.22. 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).

ARTICLE VIII

INVESTMENTS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2007 Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2007 Bonds as a condition to issuance of the Series 2007 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2007 Bonds as may be necessary in order to maintain the status of the Series 2007 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2007 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the DEP and the Council, as the case may be,

from which the proceeds of the Series 2007 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the DEP and the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

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

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2007 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2007 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.

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 at law 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 Registered Owners of the Series 2007 Bonds and the Prior Bonds shall be on a parity with each other.

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 this 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 Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the 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 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 the System, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to the System as the Issuer itself might 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 Series 2007 Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2007 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 moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2007 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution. Prior to issuance of the Series 2007 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Series 2007 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2007 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein 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 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 2007 Bonds from the gross income of the holders thereof.

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

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

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

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this 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 Chairperson, 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. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 26th day of February, 2007.

Chairperson

Member

Member

{T0332226.1}

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of WARM SPRINGS PUBLIC SERVICE DISTRICT on the 26th day of February, 2007.

Dated: February 28, 2007 .

[SEAL]

Isaac T. Bohrer
Secretary

2.6

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE WARM SPRINGS PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), THE WARM SPRINGS PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND THE WARM SPRINGS PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2007 C (WEST VIRGINIA SRF PROGRAM); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING AND RATIFYING THE LOAN AGREEMENT WITH RESPECT TO THE BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Warm Springs Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution on February 26, 2007 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF WARM SPRINGS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN

$9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 C (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS AND A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the 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 Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount not to exceed $9,000,000 (the "Series 2007 A Bonds"), the Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount not to exceed $3,000,000 (the "Series 2007 B Bonds") and the Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program), of the Issuer, in an aggregate principal amount not to exceed $3,000,000 (the "Series 2007 C Bonds," and together with the Series 2007 A Bonds and the Series 2007 B Bonds, the "Bonds"), and has authorized the execution and delivery of loan agreements, including all schedules and exhibits attached thereto, entered, into by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), providing for the purchase of the Series 2007 A Bonds and the Series 2007 B Bonds from the Issuer by the Authority (the "Loan Agreements"), and the bond purchase agreement, including all schedules and exhibits attached thereto, by and among Issuer, the Authority and West Virginia Department of Environmental Protection (the "DEP") providing for the purchase of the Series 2007 C

Bonds by the Authority, on behalf of the DEP (the "Bond Purchase Agreement," and together with the Loan Agreements in forms satisfactory to the respective parties collectively, the "Loan Agreements"), all in accordance with Chapter 16, Article 13A; Chapter 31, Article 15A and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the 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 resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements be approved and ratified, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF WARM SPRINGS PUBLIC SERVICE 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 Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $8,290,000, the Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single bond, numbered BR-1, in the original principal amount of $2,019,000 and the Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program), of the Issuer, originally represented by a single bond, numbered CR-1, in the original principal amount of $3,000,000. The Series 2007 A Bonds shall be dated the date of delivery, shall finally mature December 1, 2046, and shall bear no interest. The principal of the Series 2007 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2008, in the amounts set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2007 A Bonds. The Series 2007 B Bonds shall be dated the date of delivery, shall finally mature December 1, 2046, and shall bear no interest. The principal of the Series 2007 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each

year, commencing September 1, 2015, in the amounts set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2007 B Bonds. The Series 2007 C Bonds shall be dated the date of delivery, shall finally mature December 1, 2038, and shall bear no interest. The principal of the Series 2007 C Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2008, in the amounts set forth in the Schedule Y attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2007 C Bonds. The SRF Administrative Fee for the Series 2007 C Bonds shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2008, in the amounts set forth in the Schedule Y attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2007 C Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreements, so long as the Authority shall be the Registered Owner of the Bonds.

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

Section 3. The Issuer hereby ratifies, approves and accepts the Loan Agreements, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Chairperson and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The Issuer hereby affirms all covenants and representations made in the Loan Agreements and in the application to the Council and the Authority. The price of the Bonds shall be 100 % of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates CNB Bank, Inc. of Berkeley Springs, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Bonds under the Resolution.

Section 6. The Issuer hereby appoints and designates CNB Bank, Inc. of Berkeley Springs, West Virginia, to serve as Depository Bank under the Resolution.

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

Section 8. Series 2007 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 A Bonds Reserve Account. Series 2007 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 B Bonds Reserve Account. Series 2007 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 C Bonds Reserve Account.

Section 9. The remaining proceeds of the Series 2007 A Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2007 Bonds Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Series 2007 A Bonds. The remaining proceeds of the Series 2007 B Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2007 Bonds Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Series 2007 B Bonds. The remaining proceeds of the Series 2007 C Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2007 Bonds Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Series 2007 C Bonds.

Section 10. The Chairperson and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about February 28, 2007.

Section 11. The acquisition and construction of the Project and the financing thereof with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market

accounts until further directed in writing by the Issuer. Moneys in the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund, the Series 2007 B Bonds Reserve Account, the Series 2007 C Bonds Sinking Fund and the Series 2007 C Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairperson is hereby authorized and directed to execute and deliver all such contracts.

Section 14. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 26th day of February, 2007.

Chairperson and Member

Member

Member

{T0332878.1}

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the Public Service Board of WARM SPRINGS PUBLIC SERVICE DISTRICT on the 26th day of February, 2007.

Dated this 28th day of February, 2007.

[SEAL]

Isaac T. Bohrer
Secretary

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION AND FIRST DRAW RESOLUTION

On this 26th day of February, 2007, the undersigned duly appointed Secretary of the Public Service Board of Warm Springs Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of said Public Service Board:

*** *** ***

The Public Service Board of Warm Springs Public Service District met in special session, pursuant to notice duly posted, on the 26th day of February, 2007, in Berkeley Springs, West Virginia, at the hour of 3:30 p.m.

PRESENT:	Andrew Jurick	-	Chairperson and Member
	Paul S. Zorich	-	Vice-Chairman and Member
	Isaac Bohrer	-	Secretary - Treasurer and Member

ABSENT:

Andrew Jurick, Chairperson, presided, and Isaac Bohrer, acted as Secretary. The Chairperson announced that a quorum of members was present and that the meeting was open for any business properly before it.

*** *** ***

Thereupon, the Chairperson presented a proposed Bond Resolution in writing

entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF WARM SPRINGS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 C (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS AND A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairperson presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE WARM SPRINGS PUBLIC

SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), THE WARM SPRINGS PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND THE WARM SPRINGS PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2007 C (WEST VIRGINIA SRF PROGRAM); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING AND RATIFYING THE LOAN AGREEMENT WITH RESPECT TO THE BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairperson presented a proposed First Draw Resolution in writing entitled:

RESOLUTION OF THE WARM SPRINGS PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED SEWER PROJECT AND AUTHORIZING PAYMENT THEREOF

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that said First Draw Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

Chairperson

Isaac T. Bohrer
Secretary

CERTIFICATION

I hereby certify that the foregoing action of WARM SPRINGS PUBLIC SERVICE DISTRICT remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature as of the date first written above.

Isaac T. Bohrer

Secretary

NUMBER
AR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $8,290,000

KNOW ALL MEN BY THESE PRESENTS: That WARM SPRINGS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Morgan County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of EIGHT MILLION TWO HUNDRED NINETY THOUSAND DOLLARS ($8,290,000) 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 December 1, 2008, as set forth on the " Debt Service Schedule" attached as EXHBIT B hereto and incorporated herein by reference, bearing interest at the rate set forth in Exhibit B.

Principal installments of this Bond and interest are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated February 15, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The Project and any further

AR-1

SPECIMEN

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. 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 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on February 26, 2007 and a Supplemental Resolution duly adopted by the Issuer on February 26, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. This Bond is being issued simultaneously with the Issuer's Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) (the "Series 2007 B Bonds") and the Issuer's Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program) (the "Series 2007 C Bonds"). The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SERIES 2007 B BONDS, THE ISSUER'S SERIES 2007 C BONDS AND THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1977, DATED AUGUST 15, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,326,000 (the "Series 1977 Bonds"); (ii) SEWER REVENUE BONDS, SERIES 1989, DATED AUGUST 3, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000 (the "Series 1989 Bonds"); (iii) SEWER REVENUE BONDS, SERIES 1994, DATED AUGUST 26, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,423,158 (the "Series 1994 Bonds"); (iv) SEWER REVENUE BONDS, SERIES 1998, DATED NOVEMBER 19, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (the "Series 1998 Bonds"); AND (v) SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 25, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,316,000 (the "Series 2002 A Bonds") (collectively, the "Prior Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2007 A Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2007 A Bonds Reserve Account") and unexpended proceeds of this Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund

hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2007 A Bonds Reserve Account and unexpended Bond Proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Series 2007 B Bonds and the Series 2007 C Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Series 2007 B Bonds, the Series 2007 C Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Bond Legislation) of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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 the costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

AR-1

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 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, WARM SPRINGS PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated February 28, 2007.

[SEAL]

Chairperson

ATTEST:

Isaac T. Bokee
Secretary

NUMBER

AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: February 28, 2007

CNB Bank, Inc.,
as Registrar

By _____
Its Authorized Officer

AR-1

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $265,234	2/28/2007	(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

TOTAL $_____

AR-1

EXHIBIT B

DEBT SERVICE SCHEDULE

IF Water/Wastewater Lottery

$8,290,000
Warm Springs Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: February 28, 2007

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	54,184.00	-	54,184.00
03/01/2009	54,183.00	-	54,183.00
06/01/2009	54,183.00	-	54,183.00
09/01/2009	54,183.00	-	54,183.00
12/01/2009	54,183.00	-	54,183.00
03/01/2010	54,183.00	-	54,183.00
06/01/2010	54,183.00	-	54,183.00
09/01/2010	54,183.00	-	54,183.00
12/01/2010	54,183.00	-	54,183.00
03/01/2011	54,183.00	-	54,183.00
06/01/2011	54,183.00	-	54,183.00
09/01/2011	54,183.00	-	54,183.00
12/01/2011	54,183.00	-	54,183.00
03/01/2012	54,183.00	-	54,183.00
06/01/2012	54,183.00	-	54,183.00
09/01/2012	54,183.00	-	54,183.00
12/01/2012	54,183.00	-	54,183.00
03/01/2013	54,183.00	-	54,183.00
06/01/2013	54,183.00	-	54,183.00
09/01/2013	54,183.00	-	54,183.00
12/01/2013	54,183.00	-	54,183.00
03/01/2014	54,183.00	-	54,183.00
06/01/2014	54,183.00	-	54,183.00
09/01/2014	54,183.00	-	54,183.00
12/01/2014	54,183.00	-	54,183.00
03/01/2015	54,183.00	-	54,183.00
06/01/2015	54,183.00	-	54,183.00
09/01/2015	54,183.00	-	54,183.00
12/01/2015	54,183.00	-	54,183.00
03/01/2016	54,183.00	-	54,183.00
06/01/2016	54,183.00	-	54,183.00
09/01/2016	54,183.00	-	54,183.00
12/01/2016	54,183.00	-	54,183.00
03/01/2017	54,183.00	-	54,183.00
06/01/2017	54,183.00	-	54,183.00
09/01/2017	54,183.00	-	54,183.00
12/01/2017	54,183.00	-	54,183.00

AR-1

$8,290,000
Warm Springs Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: February 28, 2007

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
03/01/2018	54,183.00	-	54,183.00
06/01/2018	54,183.00	-	54,183.00
09/01/2018	54,183.00	-	54,183.00
12/01/2018	54,183.00	-	54,183.00
03/01/2019	54,183.00	-	54,183.00
06/01/2019	54,183.00	-	54,183.00
09/01/2019	54,183.00	-	54,183.00
12/01/2019	54,183.00	-	54,183.00
03/01/2020	54,183.00	-	54,183.00
06/01/2020	54,183.00	-	54,183.00
09/01/2020	54,183.00	-	54,183.00
12/01/2020	54,183.00	-	54,183.00
03/01/2021	54,183.00	-	54,183.00
06/01/2021	54,183.00	-	54,183.00
09/01/2021	54,183.00	-	54,183.00
12/01/2021	54,183.00	-	54,183.00
03/01/2022	54,183.00	-	54,183.00
06/01/2022	54,183.00	-	54,183.00
09/01/2022	54,183.00	-	54,183.00
12/01/2022	54,183.00	-	54,183.00
03/01/2023	54,183.00	-	54,183.00
06/01/2023	54,183.00	-	54,183.00
09/01/2023	54,183.00	-	54,183.00
12/01/2023	54,183.00	-	54,183.00
03/01/2024	54,183.00	-	54,183.00
06/01/2024	54,183.00	-	54,183.00
09/01/2024	54,183.00	-	54,183.00
12/01/2024	54,183.00	-	54,183.00
03/01/2025	54,183.00	-	54,183.00
06/01/2025	54,183.00	-	54,183.00
09/01/2025	54,183.00	-	54,183.00
12/01/2025	54,183.00	-	54,183.00
03/01/2026	54,183.00	-	54,183.00
06/01/2026	54,183.00	-	54,183.00
09/01/2026	54,183.00	-	54,183.00
12/01/2026	54,183.00	-	54,183.00
03/01/2027	54,183.00	-	54,183.00
06/01/2027	54,183.00	-	54,183.00
09/01/2027	54,183.00	-	54,183.00
12/01/2027	54,183.00	-	54,183.00
03/01/2028	54,183.00	-	54,183.00
06/01/2028	54,183.00	-	54,183.00
09/01/2028	54,183.00	-	54,183.00
12/01/2028	54,183.00	-	54,183.00

AR-1

$8,290,000
Warm Springs Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: February 28, 2007

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
03/01/2029	54,183.00	-	54,183.00
06/01/2029	54,183.00	-	54,183.00
09/01/2029	54,183.00	-	54,183.00
12/01/2029	54,183.00	-	54,183.00
03/01/2030	54,183.00	-	54,183.00
06/01/2030	54,183.00	-	54,183.00
09/01/2030	54,183.00	-	54,183.00
12/01/2030	54,183.00	-	54,183.00
03/01/2031	54,183.00	-	54,183.00
06/01/2031	54,183.00	-	54,183.00
09/01/2031	54,183.00	-	54,183.00
12/01/2031	54,183.00	-	54,183.00
03/01/2032	54,183.00	-	54,183.00
06/01/2032	54,183.00	-	54,183.00
09/01/2032	54,183.00	-	54,183.00
12/01/2032	54,183.00	-	54,183.00
03/01/2033	54,183.00	-	54,183.00
06/01/2033	54,183.00	-	54,183.00
09/01/2033	54,183.00	-	54,183.00
12/01/2033	54,183.00	-	54,183.00
03/01/2034	54,183.00	-	54,183.00
06/01/2034	54,183.00	-	54,183.00
09/01/2034	54,183.00	-	54,183.00
12/01/2034	54,183.00	-	54,183.00
03/01/2035	54,183.00	-	54,183.00
06/01/2035	54,183.00	-	54,183.00
09/01/2035	54,183.00	-	54,183.00
12/01/2035	54,183.00	-	54,183.00
03/01/2036	54,183.00	-	54,183.00
06/01/2036	54,183.00	-	54,183.00
09/01/2036	54,183.00	-	54,183.00
12/01/2036	54,183.00	-	54,183.00
03/01/2037	54,183.00	-	54,183.00
06/01/2037	54,183.00	-	54,183.00
09/01/2037	54,183.00	-	54,183.00
12/01/2037	54,183.00	-	54,183.00
03/01/2038	54,183.00	-	54,183.00
06/01/2038	54,183.00	-	54,183.00
09/01/2038	54,183.00	-	54,183.00
12/01/2038	54,183.00	-	54,183.00
03/01/2039	54,183.00	-	54,183.00
06/01/2039	54,183.00	-	54,183.00
09/01/2039	54,183.00	-	54,183.00
12/01/2039	54,183.00	-	54,183.00

AR-1

$8,290,000
Warm Springs Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: February 28, 2007

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
03/01/2040	54,183.00	-	54,183.00
06/01/2040	54,183.00	-	54,183.00
09/01/2040	54,183.00	-	54,183.00
12/01/2040	54,183.00	-	54,183.00
03/01/2041	54,183.00	-	54,183.00
06/01/2041	54,183.00	-	54,183.00
09/01/2041	54,183.00	-	54,183.00
12/01/2041	54,183.00	-	54,183.00
03/01/2042	54,183.00	-	54,183.00
06/01/2042	54,183.00	-	54,183.00
09/01/2042	54,183.00	-	54,183.00
12/01/2042	54,183.00	-	54,183.00
03/01/2043	54,183.00	-	54,183.00
06/01/2043	54,183.00	-	54,183.00
09/01/2043	54,183.00	-	54,183.00
12/01/2043	54,183.00	-	54,183.00
03/01/2044	54,183.00	-	54,183.00
06/01/2044	54,183.00	-	54,183.00
09/01/2044	54,183.00	-	54,183.00
12/01/2044	54,183.00	-	54,183.00
03/01/2045	54,183.00	-	54,183.00
06/01/2045	54,183.00	-	54,183.00
09/01/2045	54,183.00	-	54,183.00
12/01/2045	54,183.00	-	54,183.00
03/01/2046	54,183.00	-	54,183.00
06/01/2046	54,183.00	-	54,183.00
09/01/2046	54,183.00	-	54,183.00
12/01/2046	54,183.00	-	54,183.00
Total	$8,290,000.00	-	$8,290,000.00

Yield Statistics

Bond Year Dollars	$172,385.93
Average Life	20.794 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	8.84E-11
Bond Yield for Arbitrage Purposes	8.84E-11
All Inclusive Cost (AIC)	8.84E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.794 Years

NUMBER
AR-1

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

NUMBER
BR-1



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

$2,019,000

KNOW ALL MEN BY THESE PRESENTS: That WARM SPRINGS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Morgan 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 TWO MILLION NINETEEN THOUSAND DOLLARS ($2,019,000) or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing September 1, 2015, as set forth on the " Debt Service Schedule" attached as EXHBIT B hereto and incorporated herein by reference, bearing interest at the rate set forth in Exhibit B.

Principal installments of this Bond and interest are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated February 15, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued

BR-1 SPECIMEN

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. 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 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on February 26, 2007 and a Supplemental Resolution duly adopted by the Issuer on February 26, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. This Bond is being issued simultaneously with the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds") and the Issuer's Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program) (the "Series 2007 C Bonds"). The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SERIES 2007 A BONDS, THE ISSUER'S SERIES 2007 C BONDS AND THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1977, DATED AUGUST 15, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,326,000 (the "Series 1977 Bonds"); (ii) SEWER REVENUE BONDS, SERIES 1989, DATED AUGUST 3, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000 (the "Series 1989 Bonds"); (iii) SEWER REVENUE BONDS, SERIES 1994, DATED AUGUST 26, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,423,158 (the "Series 1994 Bonds"); (iv) SEWER REVENUE BONDS, SERIES 1998, DATED NOVEMBER 19, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (the "Series 1998 Bonds"); AND (v) SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 25, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,316,000 (the "Series 2002 A Bonds") (collectively, the "Prior Bonds").

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

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

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

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

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 the costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 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, WARM SPRINGS PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated February 28, 2007.

[SEAL]

Chairperson

SPECIMEN

ATTEST:

Isaac V. Bolden
Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: February 28, 2007

CNB Bank, Inc.
as Registrar

By _____
Its Authorized Officer

BR-1

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $265,234	2/28/2007	(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

TOTAL $_____

BR-1

EXHIBIT B

DEBT SERVICE SCHEDULE

IF Water/Wastewater Projects Account

$2,019,000
Warm Springs Public Service District
0% Interest Rate, 40 Years from Closing Date, Wraparound SFR Loan
Closing Date: February 28, 2007

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	-	-	-
06/01/2010	-	-	-
09/01/2010	-	-	-
12/01/2010	-	-	-
03/01/2011	-	-	-
06/01/2011	-	-	-
09/01/2011	-	-	-
12/01/2011	-	-	-
03/01/2012	-	-	-
06/01/2012	-	-	-
09/01/2012	-	-	-
12/01/2012	-	-	-
03/01/2013	-	-	-
06/01/2013	-	-	-
09/01/2013	-	-	-
12/01/2013	-	-	-
03/01/2014	-	-	-
06/01/2014	-	-	-
09/01/2014	-	-	-
12/01/2014	-	-	-
03/01/2015	-	-	-
06/01/2015	-	-	-
09/01/2015	16,024.00	-	16,024.00
12/01/2015	16,024.00	-	16,024.00
03/01/2016	16,024.00	-	16,024.00
06/01/2016	16,024.00	-	16,024.00
09/01/2016	16,024.00	-	16,024.00
12/01/2016	16,024.00	-	16,024.00
03/01/2017	16,024.00	-	16,024.00
06/01/2017	16,024.00	-	16,024.00
09/01/2017	16,024.00	-	16,024.00
12/01/2017	16,024.00	-	16,024.00

BR-1

$2,019,000
Warm Springs Public Service District
0% Interest Rate, 40 Years from Closing Date, Wraparound SFR Loan
Closing Date: February 28, 2007

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
03/01/2018	16,024.00	-	16,024.00
06/01/2018	16,024.00	-	16,024.00
09/01/2018	16,024.00	-	16,024.00
12/01/2018	16,024.00	-	16,024.00
03/01/2019	16,024.00	-	16,024.00
06/01/2019	16,024.00	-	16,024.00
09/01/2019	16,024.00	-	16,024.00
12/01/2019	16,024.00	-	16,024.00
03/01/2020	16,024.00	-	16,024.00
06/01/2020	16,024.00	-	16,024.00
09/01/2020	16,024.00	-	16,024.00
12/01/2020	16,024.00	-	16,024.00
03/01/2021	16,024.00	-	16,024.00
06/01/2021	16,024.00	-	16,024.00
09/01/2021	16,024.00	-	16,024.00
12/01/2021	16,024.00	-	16,024.00
03/01/2022	16,024.00	-	16,024.00
06/01/2022	16,024.00	-	16,024.00
09/01/2022	16,024.00	-	16,024.00
12/01/2022	16,024.00	-	16,024.00
03/01/2023	16,024.00	-	16,024.00
06/01/2023	16,024.00	-	16,024.00
09/01/2023	16,024.00	-	16,024.00
12/01/2023	16,024.00	-	16,024.00
03/01/2024	16,024.00	-	16,024.00
06/01/2024	16,024.00	-	16,024.00
09/01/2024	16,024.00	-	16,024.00
12/01/2024	16,024.00	-	16,024.00
03/01/2025	16,024.00	-	16,024.00
06/01/2025	16,024.00	-	16,024.00
09/01/2025	16,024.00	-	16,024.00
12/01/2025	16,024.00	-	16,024.00
03/01/2026	16,024.00	-	16,024.00
06/01/2026	16,024.00	-	16,024.00
09/01/2026	16,024.00	-	16,024.00
12/01/2026	16,024.00	-	16,024.00
03/01/2027	16,024.00	-	16,024.00
06/01/2027	16,024.00	-	16,024.00
09/01/2027	16,024.00	-	16,024.00
12/01/2027	16,024.00	-	16,024.00
03/01/2028	16,024.00	-	16,024.00
06/01/2028	16,024.00	-	16,024.00
09/01/2028	16,024.00	-	16,024.00
12/01/2028	16,024.00	-	16,024.00

$2,019,000
Warm Springs Public Service District
0% Interest Rate, 40 Years from Closing Date, Wraparound SFR Loan
Closing Date: February 28, 2007

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
03/01/2029	16,024.00	-	16,024.00
06/01/2029	16,024.00	-	16,024.00
09/01/2029	16,024.00	-	16,024.00
12/01/2029	16,024.00	-	16,024.00
03/01/2030	16,024.00	-	16,024.00
06/01/2030	16,024.00	-	16,024.00
09/01/2030	16,024.00	-	16,024.00
12/01/2030	16,024.00	-	16,024.00
03/01/2031	16,024.00	-	16,024.00
06/01/2031	16,024.00	-	16,024.00
09/01/2031	16,024.00	-	16,024.00
12/01/2031	16,024.00	-	16,024.00
03/01/2032	16,024.00	-	16,024.00
06/01/2032	16,024.00	-	16,024.00
09/01/2032	16,024.00	-	16,024.00
12/01/2032	16,024.00	-	16,024.00
03/01/2033	16,024.00	-	16,024.00
06/01/2033	16,024.00	-	16,024.00
09/01/2033	16,024.00	-	16,024.00
12/01/2033	16,024.00	-	16,024.00
03/01/2034	16,024.00	-	16,024.00
06/01/2034	16,024.00	-	16,024.00
09/01/2034	16,024.00	-	16,024.00
12/01/2034	16,024.00	-	16,024.00
03/01/2035	16,024.00	-	16,024.00
06/01/2035	16,024.00	-	16,024.00
09/01/2035	16,024.00	-	16,024.00
12/01/2035	16,024.00	-	16,024.00
03/01/2036	16,024.00	-	16,024.00
06/01/2036	16,024.00	-	16,024.00
09/01/2036	16,024.00	-	16,024.00
12/01/2036	16,024.00	-	16,024.00
03/01/2037	16,024.00	-	16,024.00
06/01/2037	16,024.00	-	16,024.00
09/01/2037	16,024.00	-	16,024.00
12/01/2037	16,024.00	-	16,024.00
03/01/2038	16,024.00	-	16,024.00
06/01/2038	16,024.00	-	16,024.00
09/01/2038	16,024.00	-	16,024.00
12/01/2038	16,024.00	-	16,024.00
03/01/2039	16,024.00	-	16,024.00
06/01/2039	16,024.00	-	16,024.00
09/01/2039	16,024.00	-	16,024.00
12/01/2039	16,024.00	-	16,024.00

$2,019,000
Warm Springs Public Service District
0% Interest Rate, 40 Years from Closing Date, Wraparound SFR Loan
Closing Date: February 28, 2007

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
03/01/2040	16,024.00	-	16,024.00
06/01/2040	16,024.00	-	16,024.00
09/01/2040	16,024.00	-	16,024.00
12/01/2040	16,024.00	-	16,024.00
03/01/2041	16,023.00	-	16,023.00
06/01/2041	16,023.00	-	16,023.00
09/01/2041	16,023.00	-	16,023.00
12/01/2041	16,023.00	-	16,023.00
03/01/2042	16,023.00	-	16,023.00
06/01/2042	16,023.00	-	16,023.00
09/01/2042	16,023.00	-	16,023.00
12/01/2042	16,023.00	-	16,023.00
03/01/2043	16,023.00	-	16,023.00
06/01/2043	16,023.00	-	16,023.00
09/01/2043	16,023.00	-	16,023.00
12/01/2043	16,023.00	-	16,023.00
03/01/2044	16,023.00	-	16,023.00
06/01/2044	16,023.00	-	16,023.00
09/01/2044	16,023.00	-	16,023.00
12/01/2044	16,023.00	-	16,023.00
03/01/2045	16,023.00	-	16,023.00
06/01/2045	16,023.00	-	16,023.00
09/01/2045	16,023.00	-	16,023.00
12/01/2045	16,023.00	-	16,023.00
03/01/2046	16,023.00	-	16,023.00
06/01/2046	16,023.00	-	16,023.00
09/01/2046	16,023.00	-	16,023.00
12/01/2046	16,023.00	-	16,023.00
Total	$2,019,000.00	-	$2,019,000.00

Yield Statistics

Bond Year Dollars	$48,797.80
Average Life	24.169 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	4.24E-11
Bond Yield for Arbitrage Purposes	4.24E-11
All Inclusive Cost (AIC)	4.24E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	24.169 Years

NUMBER
BR-1

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

NUMBER
CR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-1 $3,000,000

KNOW ALL MEN BY THESE PRESENTS: That WARM SPRINGS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Morgan County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of THREE MILLION DOLLARS ($3,000,000) 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 December 1, 2008, as set forth on the " Debt Service Schedule" attached as EXHBIT 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 December 1, 2008, 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").

the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated January 9, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of new public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and extensions designed by 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on February 26, 2007 and a Supplemental Resolution duly adopted by the Issuer on February 26, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. This Bond is being issued simultaneously with the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds") and the Issuer's Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) (the "Series 2007 B Bonds"). The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SERIES 2007 A BONDS, THE ISSUER'S SERIES 2007 B BONDS AND THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1977, DATED AUGUST 15, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,326,000 (the "Series 1977 Bonds"); (ii) SEWER REVENUE BONDS, SERIES 1989, DATED AUGUST 3, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000 (the "Series 1989 Bonds"); (iii) SEWER REVENUE BONDS, SERIES 1994, DATED AUGUST 26, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,423,158 (the "Series 1994 Bonds"); (iv) SEWER REVENUE BONDS, SERIES 1998, DATED NOVEMBER 19, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (the "Series 1998 Bonds"); AND (v) SEWER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 25, 2002, ISSUED IN

NUMBER

SPECIMEN

CR-1

THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,316,000 (the "Series 2002 A Bonds") (collectively, the "Prior Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 C Bonds Reserve Account") and unexpended proceeds of this Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2007 C Bonds Reserve Account and unexpended Bond Proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2007 A Bonds, the Series 2007 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2007 C Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2007 A Bonds, the Series 2007 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of 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, WARM SPRINGS PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated February 28, 2007.

[SEAL]

Chairperson

ATTEST:

Secretary

SPECIMEN

NUMBER

CR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: February 28, 2007.

CNB Bank, Inc.
as Registrar

By _____
Its Authorized Officer

CR-1

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $ 150,000	2/28/2007	(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

TOTAL $ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

$3,000,000
Warm Springs Public Service District
0% Interest Rate, 0.5% Administrative Fee
Closing Date: February 28, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	9,468.00	-	9,468.00
03/01/2009	9,468.00	-	9,468.00
06/01/2009	9,468.00	-	9,468.00
09/01/2009	9,468.00	-	9,468.00
12/01/2009	9,468.00	-	9,468.00
03/01/2010	9,468.00	-	9,468.00
06/01/2010	9,468.00	-	9,468.00
09/01/2010	9,468.00	-	9,468.00
12/01/2010	9,468.00	-	9,468.00
03/01/2011	9,468.00	-	9,468.00
06/01/2011	9,468.00	-	9,468.00
09/01/2011	9,468.00	-	9,468.00
12/01/2011	9,468.00	-	9,468.00
03/01/2012	9,468.00	-	9,468.00
06/01/2012	9,468.00	-	9,468.00
09/01/2012	9,468.00	-	9,468.00
12/01/2012	9,468.00	-	9,468.00
03/01/2013	9,468.00	-	9,468.00
06/01/2013	9,468.00	-	9,468.00
09/01/2013	9,468.00	-	9,468.00
12/01/2013	9,468.00	-	9,468.00
03/01/2014	9,468.00	-	9,468.00
06/01/2014	9,468.00	-	9,468.00
09/01/2014	9,468.00	-	9,468.00
12/01/2014	9,468.00	-	9,468.00
03/01/2015	9,468.00	-	9,468.00
06/01/2015	9,468.00	-	9,468.00
09/01/2015	9,468.00	-	9,468.00
12/01/2015	9,468.00	-	9,468.00
03/01/2016	9,468.00	-	9,468.00
06/01/2016	9,468.00	-	9,468.00
09/01/2016	9,468.00	-	9,468.00
12/01/2016	9,468.00	-	9,468.00
03/01/2017	9,468.00	-	9,468.00
06/01/2017	9,468.00	-	9,468.00
09/01/2017	9,468.00	-	9,468.00
12/01/2017	9,468.00	-	9,468.00

$3,000,000
Warm Springs Public Service District
0% Interest Rate, 0.5% Administrative Fee
Closing Date: February 28, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2018	9,468.00	-	9,468.00
06/01/2018	9,468.00	-	9,468.00
09/01/2018	9,468.00	-	9,468.00
12/01/2018	9,468.00	-	9,468.00
03/01/2019	9,468.00	-	9,468.00
06/01/2019	9,468.00	-	9,468.00
09/01/2019	9,468.00	-	9,468.00
12/01/2019	29,001.00	-	29,001.00
03/01/2020	29,001.00	-	29,001.00
06/01/2020	29,001.00	-	29,001.00
09/01/2020	29,001.00	-	29,001.00
12/01/2020	29,001.00	-	29,001.00
03/01/2021	29,001.00	-	29,001.00
06/01/2021	29,001.00	-	29,001.00
09/01/2021	29,001.00	-	29,001.00
12/01/2021	29,001.00	-	29,001.00
03/01/2022	29,001.00	-	29,001.00
06/01/2022	29,001.00	-	29,001.00
09/01/2022	29,001.00	-	29,001.00
12/01/2022	29,001.00	-	29,001.00
03/01/2023	29,001.00	-	29,001.00
06/01/2023	29,001.00	-	29,001.00
09/01/2023	29,001.00	-	29,001.00
12/01/2023	29,001.00	-	29,001.00
03/01/2024	29,001.00	-	29,001.00
06/01/2024	29,001.00	-	29,001.00
09/01/2024	29,001.00	-	29,001.00
12/01/2024	29,001.00	-	29,001.00
03/01/2025	29,001.00	-	29,001.00
06/01/2025	29,001.00	-	29,001.00
09/01/2025	29,001.00	-	29,001.00
12/01/2025	29,001.00	-	29,001.00
03/01/2026	29,001.00	-	29,001.00
06/01/2026	29,001.00	-	29,001.00
09/01/2026	29,001.00	-	29,001.00
12/01/2026	29,001.00	-	29,001.00
03/01/2027	29,001.00	-	29,001.00
06/01/2027	29,001.00	-	29,001.00
09/01/2027	29,001.00	-	29,001.00
12/01/2027	29,001.00	-	29,001.00
03/01/2028	29,001.00	-	29,001.00
06/01/2028	29,001.00	-	29,001.00
09/01/2028	29,001.00	-	29,001.00
12/01/2028	29,001.00	-	29,001.00

$3,000,000
Warm Springs Public Service District
0% Interest Rate, 0.5% Administrative Fee
Closing Date: February 28, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2029	29,001.00	-	29,001.00
06/01/2029	29,001.00	-	29,001.00
09/01/2029	29,001.00	-	29,001.00
12/01/2029	29,001.00	-	29,001.00
03/01/2030	29,001.00	-	29,001.00
06/01/2030	33,879.50	-	33,879.50
09/01/2030	33,879.50	-	33,879.50
12/01/2030	33,879.50	-	33,879.50
03/01/2031	33,879.50	-	33,879.50
06/01/2031	33,879.50	-	33,879.50
09/01/2031	33,879.50	-	33,879.50
12/01/2031	33,879.50	-	33,879.50
03/01/2032	33,879.50	-	33,879.50
06/01/2032	33,879.50	-	33,879.50
09/01/2032	33,879.50	-	33,879.50
12/01/2032	33,879.50	-	33,879.50
03/01/2033	33,879.50	-	33,879.50
06/01/2033	33,879.50	-	33,879.50
09/01/2033	33,879.50	-	33,879.50
12/01/2033	33,879.50	-	33,879.50
03/01/2034	33,879.50	-	33,879.50
06/01/2034	45,675.00	-	45,675.00
09/01/2034	45,675.00	-	45,675.00
12/01/2034	45,675.00	-	45,675.00
03/01/2035	45,675.00	-	45,675.00
06/01/2035	45,675.00	-	45,675.00
09/01/2035	45,675.00	-	45,675.00
12/01/2035	45,675.00	-	45,675.00
03/01/2036	45,675.00	-	45,675.00
06/01/2036	45,675.00	-	45,675.00
09/01/2036	45,675.00	-	45,675.00
12/01/2036	45,675.00	-	45,675.00
03/01/2037	45,675.00	-	45,675.00
06/01/2037	45,675.00	-	45,675.00
09/01/2037	45,675.00	-	45,675.00
12/01/2037	45,675.00	-	45,675.00
03/01/2038	45,675.00	-	45,675.00
06/01/2038	45,675.00	-	45,675.00
09/01/2038	45,675.00	-	45,675.00
12/01/2038	1,144.00	-	1,144.00
Total	$3,000,000.00	-	$3,000,000.00 *

Plus $2,398.86 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is $290,236.86.

$3,000,000
Warm Springs Public Service District
0% Interest Rate, 0.5% Administrative Fee
Closing Date: February 28, 2007

Debt Service Schedule

Part 4 of 4

Yield Statistics

Bond Year Dollars	$62,955.59
Average Life	20.985 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	-3.53E-11
Bond Yield for Arbitrage Purposes	-5.55E-11
All Inclusive Cost (AIC)	0.459275%

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.985 Years

NUMBER
CR-1

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$8,290,000	February 28, 2007

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

Citizens National Bank of Berkeley Springs

Authorized Representative

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

Bond Number	Principal Amount	Date of Bond
No. BR-1	$2,019,000	February 28, 2007

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

Citizens National Bank of Berkeley Springs

Authorized Representative

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. CR-1	$3,000,000	February 28, 2007

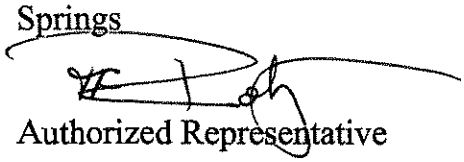
NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

Citizens National Bank of Berkeley Springs



Authorized Representative

WARM SPRINGS PUBLIC SERVICE DISTRICT 3.1
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. INSURANCE
12. LOAN AGREEMENT
13. SPECIMEN BOND
14. BOND PROCEEDS
15. CONFLICTS OF INTEREST
16. VERIFICATION OF SCHEDULE
17. PROCUREMENT OF ENGINEERING SERVICES
18. COMPLIANCE WITH WEST VIRGINIA JOBS ACT
19. WETLANDS COVENANT
20. GRANT
21. COUNTERPARTS

On this 28th day of February, 2007, we, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Warm Springs Public Service District (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Warm Springs Public Service District Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), the Warm Springs Public Service District Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) and the Warm Springs

Public Service District Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program) all dated the date hereof (collectively, the "Bonds" or the "Series 2007 Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution duly adopted by the Issuer on February 26, 2007, the Supplemental Resolution duly adopted by the Issuer on February 26, 2007 (collectively, the "Resolution"), and the loan agreements dated February 15, 2007, including all schedules and exhibits attached thereto, entered, into by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), providing for the purchase of the Series 2007 A Bonds and the Series 2007 B Bonds from the Issuer by the Authority (together, the "Loan Agreements"), and the bond purchase agreement dated January 9, 2007, by and among Issuer, the Authority and West Virginia Department of Environmental Protection (the "DEP") providing for the purchase of the Series 2007 C Bonds by and between the Issuer and the Authority, on behalf of the DEP (the "Bond Purchase Agreement," and together with the Loan Agreements, the "Loan Agreements")

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 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 Agreement. The Issuer has met all conditions set forth in the Loan Agreements and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Bonds as to liens, pledge and source of and security for payment, being the (i) Sewer Revenue Bonds, Series 1977, dated August 15, 1978, issued in the original aggregate principal amount of $1,326,000; (ii) Sewer Revenue Bonds, Series 1989, dated August 3, 1989, issued in the original aggregate principal amount of $300,000; (iii) Sewer Revenue Bonds, Series 1994, dated August 26, 1994, issued in the original aggregate principal amount of $1,423,158; (iv) Sewer Revenue Bonds, Series 1998, dated November 19, 1998, issued in the original aggregate principal amount of $400,000; and (v) Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), dated June 25, 2002, issued in the original aggregate principal amount of $1,316,000 (collectively, the "Prior Bonds").

The Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of security for payment and in all other respects. The Issuer has obtained (a) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and (b) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES AND DELIVERY: The undersigned Chairman and Secretary are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Chairman did officially sign all of the Bonds, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature; the undersigned Secretary did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; and the Registrar did officially authenticate, register and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreements.

6. PUBLIC SERVICE COMMISSION ORDER: Final Order of the Public Service Commission of West Virginia dated November 1, 2004, in Case No. 04-0131-PSD-CN, and Commission Order dated January 22, 2007, in Case No. 04-0131-PSD-CN,

granting 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 Final Order has expired prior to the date hereof without any appeal having been filed. Such Final Order remains in full force and effect. The time for appeal of the Commission Order has not expired prior to the date hereof. However, the Issuer has certified that it does not intend to appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervener or other person not a party to such Order.

7. RATES: The rates for the System, as approved by the Final Order of the Public Service Commission of West Virginia dated November 1, 2004, in Case No. 04-0131-PSD-CN, and Commission Order dated January 22, 2007, in Case No. 04-0131-PSD-CN, will become effective when the Project is substantially complete. The time for appeal of such Order has expired prior to the date hereof and such Order remains in full force and effect.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Warm Springs Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Morgan County and existing under the laws of, and a political subdivision of, the State of West Virginia in Morgan County of said State. The governing body of the Issuer is its Public Service Board, consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of their current terms are as follows:

Name	Date Of Commencement Of Office	Date of Termination Of Office
Andrew Jurick	February 15, 2006	February 1, 2012
Paul S. Zorich	May 23, 2003	February 1, 2008
Isaac T. Bohrer	July 7, 2006	February 1, 2010

The duly elected or appointed officers of the Board for 2007 are as follows:

Andrew Jurick	-	Chairman
Paul S. Zorich	-	Vice-Chairman
Isaac T. Bohrer	-	Secretary/Treasurer

The duly appointed and acting attorney for the Issuer is Trump & Trump, Berkeley Springs, West Virginia. The duly appointed and acting Public Service Commission counsel for the Issuer is Kauffelt & Kauffelt, Charleston, West Virginia.

9. LAND AND RIGHTS-OF-WAY: All land, 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 that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that 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.

10. MEETINGS: All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at meetings of the Board duly and regularly or specifically called and held pursuant to all applicable statutes and the rules of procedure of the Board, and a quorum of duly appointed, qualified and acting members of the Board 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.

11. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability insurance, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution and the Loan Agreement. All insurance for the System required by the Resolution and the Loan Agreement are in full force and effect.

12. 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 statements 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 therein not misleading; and (iv) the Issuer is in compliance with the Loan Agreements.

13. SPECIMEN BOND: Attached hereto as Exhibit A is a specimen of the Bonds which, except as to execution and authentication, is identical in all respects with the

Bonds this day delivered to the Authority and being substantially in the form prescribed in the Resolution.

14. BOND PROCEEDS: On the date hereof, the Issuer received the sum of $265,234 from the Authority and the Council, being a portion of the principal amount of the Series 2007 A Bonds, the sum of $265,234 from the Authority and the Council, being a portion of the principal amount of the Series 2007 B Bonds and the sum of $150,000 from the Authority and the DEP, being a portion of the principal amount of the Series 2007 C Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

15. CONFLICTS 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 the sale of any land, materials, supplies or services to the Issuer, or to any contractor supplying the Issuer, relating to the Bonds, the Resolution 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.

16. VERIFICATION OF SCHEDULE: The final amended Schedule B attached to the Certificate of Consulting Engineer, with the signature of the Chairman and the Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

18. COMPLIANCE WITH WEST VIRGINIA JOBS ACT: Unless it shall hereafter be qualified for an exception, the Issuer 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 Issuer hereby certifies to the Council and the Authority that (I) the Issuer will comply with all the requirements of the West Virginia Jobs Act; (II) the Issuer has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Issuer 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 Issuer will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The Issuer will also certify in the monthly requisitions submitted to the Council that the Issuer is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

19. WETLANDS COVENANT: The Issuer hereby certifies that it will not use any proceeds of the Bonds for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

20. GRANT: As of the date hereof, the grant from the Council in the amount of $2,450,000 is committed for the Project and in full force and effect.

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

WITNESS our signatures and the official corporate seal of WARM SPRINGS PUBLIC SERVICE DISTRICT as of the date first written above.

[SEAL]

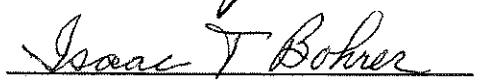
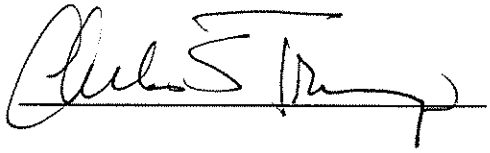
Signature	Official Title
	Chairman
	Secretary
	Attorney

EXHIBIT A

See Specimen Bonds (Tab No. 15).

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C)
(WEST VIRGINIA SRF PROGRAM

CERTIFICATE AS TO USE OF PROCEEDS

On this 28th day of February, 2007, the undersigned Chairperson of the Public Service Board of Warm Springs Public Service District in Morgan County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $8,290,000 Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds"), $2,019,000 Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) (the "Series 2007 B Bonds") and $3,000,000 Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program) (the "Series 2007 C Bonds"), of the Issuer, dated February 28, 2007 (collectively, the "Bonds" or the "Series 2007 Bonds"), hereby certifies 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 same meanings set forth in the Bond Resolution duly adopted by the Issuer on February 26, 2007 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on February 28, 2007, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Bonds and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the

interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), the West Virginia Infrastructure and Jobs Development Council (the "Council") or the West Virginia Department of Environmental Protection (the "DEP"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2007 A Bonds were sold on February 28, 2007, to the Authority, pursuant to a loan agreement dated February 15, 2007, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $8,290,000 (100% of par), at which time, the Issuer received $265,234 from the Authority and the Council, being the first advance of the principal amount of the Series 2007 A Bonds. The Series 2007 B Bonds were sold on February 28, 2007, to the Authority, pursuant to a loan agreement dated February 15, 2007, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $2,019,000 (100% of par), at which time, the Issuer received $265,234 from the Authority and the Council, being the first advance of the principal amount of the Series 2007 B Bonds. The Series 2007 C Bonds were sold on February 28, 2007, to the Authority, pursuant to a bond purchase agreement dated January 9, 2007, by and between the Issuer and the Authority, on behalf of the DEP, for an aggregate purchase price of $3,000,000 (100% of par), at which time, the Issuer received $150,000 from the Authority and the DEP, being the first advance of the principal amount of the Series 2007 C Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2007 A 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 sewer facilities of the Issuer (the "Project") and (ii) paying certain costs of issuance of the Series 2007 A Bonds and related costs.

7. The Series 2007 B 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 the Project and (ii) paying certain costs of issuance of the Series 2007 B Bonds and related costs.

8. The Series 2007 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 the Project and (ii) paying certain costs of issuance of the Series 2007 C Bonds and related costs.

9. 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. 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 Accounts for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before April 29, 2008. The acquisition and construction of the Project is expected to be completed by March 30, 2008.

10. The total cost of the Project is estimated at $15,759,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of Bonds	$ 13,309,000
Council Grant	$ 2,450,000
Total Sources	$ 15,759,000

USES

Costs of the Project	$ 15,694,500
Costs of Issuance	$ 64,500
Total Uses	$ 15,759,000

11. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued with respect to the Series 2007 Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2007 Bonds Construction Trust Fund;

(4) Series 2007 A Bonds Sinking Fund;

(5) Series 2007 A Bonds Reserve Account;

(6) Series 2007 B Bonds Sinking Fund;

(7) Series 2007 B Bonds Reserve Account;

(8) Series 2007 C Bonds Sinking Fund; and

(9) Series 2007 C Bonds Reserve Account.

12. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(1) Series 2007 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2007 A Bonds Reserve Account.

(2) The balance of the proceeds of the Series 2007 A Bonds will be deposited in the Series 2007 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 Bonds and related costs.

(3) Series 2007 B Bonds proceeds in the amount of $-0- will be deposited in the Series 2007 B Bonds Reserve Account.

(4) The balance of the proceeds of the Series 2007 B Bonds will be deposited in the Series 2007 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2007 B Bonds and related costs.

(5) Series 2007 C Bonds proceeds in the amount of $-0- will be deposited in the Series 2007 C Bonds Reserve Account.

(6) The balance of the proceeds of the Series 2007 C Bonds will be deposited in the Series 2007 Bonds Construction

Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2007 C Bonds and related costs.

13. Moneys held in the Series 2007 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2007 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be returned, after fully funded, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2007 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 2007 A Bonds and then to the next ensuing principal payment due thereon.

14. Moneys held in the Series 2007 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2007 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account shall be returned, after fully funded, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2007 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 2007 B Bonds and then to the next ensuing principal payment due thereon.

15. Moneys held in the Series 2007 C Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2007 C Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2007 C Bonds Sinking Fund and the Series 2007 C Bonds Reserve Account shall be returned, after fully funded, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2007 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 2007 C Bonds and then to the next ensuing principal payment due thereon.

16. 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 13 months of the date hereof.

17. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

18. With the exception of the amount deposited in the Series 2007 A Bonds Reserve Account, the Series 2007 B Reserve Account and the Series 2007 C Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 14 months from the date of issuance thereof.

19. 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.

20. 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.

21. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

22. 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.

23. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of the Bonds so that use of the proceeds of the Bonds can be accounted for.

24. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

25. The Bonds are not federally guaranteed.

26. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

27. The Issuer has either (a) funded the Series 2007 A Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Series 2007 A Bonds in the then current or any succeeding year with the

proceeds of the Series 2007 A Bonds, or (b) created the Series 2007 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2007 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Series 2007 A Bonds in the then current or any succeeding year. Moneys in the Series 2007 A Bonds Reserve Account and the Series 2007 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2007 A Bonds and will not be available to pay costs of the Project.

28. The Issuer has either (a) funded the Series 2007 B Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Series 2007 B Bonds in the then current or any succeeding year with the proceeds of the Series 2007 B Bonds, or (b) created the Series 2007 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2007 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Series 2007 B Bonds in the then current or any succeeding year. Moneys in the Series 2007 B Bonds Reserve Account and the Series 2007 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2007 B Bonds and will not be available to pay costs of the Project.

29. The Issuer has either (a) funded the Series 2007 C Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Series 2007 C Bonds in the then current or any succeeding year with the proceeds of the Series 2007 C Bonds, or (b) created the Series 2007 C Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2007 C Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Series 2007 C Bonds in the then current or any succeeding year. Moneys in the Series 2007 C Bonds Reserve Account and the Series 2007 C Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2007 C Bonds and will not be available to pay costs of the Project.

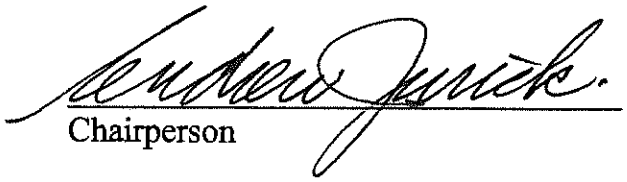
30. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

31. 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.

32. 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.

33. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature as of the date first written above.



Chairperson

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

CERTIFICATE OF SECRETARY
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

On this 28th day of February, 2007, the undersigned duly appointed Secretary of Warm Springs Public Service District (the "Issuer") hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the Warm Springs Public Service District Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), the Warm Springs Public Service District Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) and the are, Warm Springs Public Service District Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program) as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted or approved by the Public Service Board (the "Board") of the Issuer and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Orders of The County Commission of Morgan County Creating and Enlarging the Issuer.

2. Orders of The County Commission of Morgan County Appointing the Members of the Board.

3. Oaths of Office of the Board Members.

4. Rules of Procedure.

5. Minutes of Current Year Organizational Meeting.

6. Public Service Commission Order.

7. Infrastructure Council Approval Letter.

8. Department of Environmental Protection State Revolving Fund Program Letter

9. Loan Agreements.

10. Bond Purchase Agreement

11. Bond Resolution.

12. Supplemental Resolution.

13. Minutes of the Board Meeting on Adoption of Bond Resolution, Supplemental Resolution and First Draw Resolution.

14. Affidavits of Publication on Notice of Filing and Notice of Meeting to Adopt Bond Resolution and Supplemental Resolution.

15. USDA Consent to Issuance of Parity Bonds.

16. WDA Consent to Issuance of Parity Bonds.

17. NPDES Permit.

18. Infrastructure Council Grant Agreement.

19. Insurance Certificates.

20. Department of Environmental Protection Approval of Plans and Specifications

WITNESS my signature and the official seal of the Issuer as of the date first written above.

[SEAL]

Isaac T. Bohrer

Secretary

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

CERTIFICATE OF CONSULTING ENGINEER

On this 28th day of February, 2007, I, William A. LaDieu, Registered Professional Engineer, West Virginia License No. 10641, of Commonwealth Engineering & Technology, Inc., Consulting Engineers, Harrisburg, Pennsylvania, 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 sewer facilities (the "System") of Warm Springs Public Service District (the "Issuer"), to be constructed primarily in Morgan County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on February 26, 2007 (the "Resolution"), and the loan agreements by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the bond purchase agreement by and between the Issuer and the Authority, on behalf of the West Virginia Department of Environmental Protection (the "DEP"), dated January 9, 2007 (collectively, the "Loan Agreement").

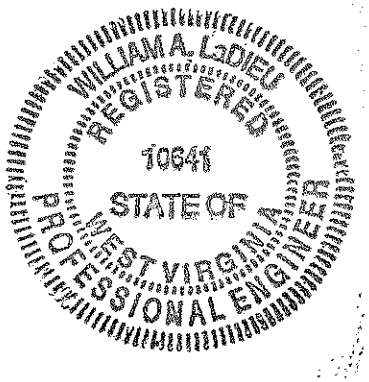
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance and related costs.

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Department of Environmental Protection (the "DEP"), and any change orders approved by the Issuer, the Council and all necessary

governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and will have a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A, and in reliance upon the opinion of the Issuer's counsel, Trump & Trump, dated the date hereof, 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 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) in reliance upon the certificate of CoxHollida LLP, dated the date hereof, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement and the Resolution; (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 Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal as of the date first written above.

[SEAL]



COMMONWEALTH ENGINEERING & TECHNOLOGY, INC.

William A. LaDieu, P.E.
West Virginia License No. 10641

SCHEDULE B

WARM SPRINGS PUBLIC SERVICE DISTRICT

A. COST OF PROJECT	TOTAL	IJDC	SRF
1. Construction			
a. WWTP (Beitzel)	9,686,000	6,686,000	3,000,000
b. Lines (Glenn Johnston)	4,403,364	4,403,364	
2. Technical Services (CET)			
Design	Note: Design paid with SRF Design Loan Series 2002		
Construction	264,497	264,497	
Inspection	345,930	345,930	
3. Legal & Fiscal			
a. Legal (PSC) Kauffelt	2,000	2,000	
b. Legal (Title) Trump	35,000	35,000	
c. Accounting (CoxHollida)	2,000	2,000	
4. Administrative	5,000	5,000	
5. Sites and Land	5,000	5,000	
6. Loan Repayment			
a. BB&T line of credit *see attached	491,525	491,525	
7. Miscellaneous	0		
8. Contingency	493,184	493,184	
9. TOTAL of Lines 1 through 8	15,733,500	12,733,500	3,000,000
B. SOURCE OF FUNDS			
10. Federal Grants			
11. State Grants (IJDC)	2,450,000	2,450,000	
12. Other Grants			
13. Any Other Source			
14. TOTAL Lines 10-15	2,450,000		
15. Net Proceeds from Bond Issue	13,283,500	10,283,500	3,000,000
C. COST OF FINANCING			
16. Funded Reserve			
a. SRF Funded Reserve			
b. Other Funded Reserve			
17. Other Costs			
a. Bond Counsel	25,000	25,000	
b. Registrar Fees	500	500	
18. Total Cost of Financing	25,500	25,500	0
19. Size of Bond Issue	13,309,000	10,309,000	3,000,000

Warm Springs PSD — Date 3/1/07

CET Engineering — Date 2/28/07

201 E. Burke Street
Martinsburg, WV 25401
114 E. German Street, Suite 201
Shepherdstown, WV 25443
Phone 304.263.0891
Fax 304.263.0897

CoxHollidaPrice LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

February 28, 2007

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

Warm Springs Public Service District
Berkeley Springs, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have reviewed the sewer rates of Warm Springs Public Service District (the "Issuer"), as approved by the Final Order of the Public Service Commission of West Virginia dated November 1, 2004, and Commission Order dated January 22, 2007, in Case No. 04-0131-PSD-CN, granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project., the projected operating expenses and the anticipated customer usage provided by Commonwealth Engineering & Technology, Inc., the consulting engineer of the Issuer. It is our opinion that such rates, together with other revenues of the sewer facilities of the Issuer (the "System"), are sufficient (i) to provide for operating expenses of the System and (ii) to leave a balance each fiscal year equal to at least 115% of the maximum amount required in any succeeding fiscal year for the payment of principal of and interest, if any, on the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds"), Sewer Revenue Bonds, Series 2007 B (West Virginia

Infrastructure Fund) (the "Series 2007 B Bonds") and Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program) (the "Series 2007 C Bonds," and together with the Series 2007 A Bonds and the Series 2007 B Bonds, the "Series 2007 Bonds"), and Sewer Revenue Bonds, Series 1977 (the "Series 1977 Bonds"), Sewer Revenue Bonds, Series 1989 (the "Series 1989 Bonds"), Sewer Revenue Bonds, Series 1994 (the "Series 1994 Bonds"), Sewer Revenue Bonds, Series 1998 (the "Series 1998 Bonds") and Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program) (the "Series 2002 A Bonds," and together with the Series 1977 Bonds, the Series 1989 Bonds, the Series 1994 Bonds, the Series 1998 Bonds and the Series 2002 A Bonds, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the fiscal year following the year in which the Series 2007 Bonds are to be issued will be at least 120% of the average annual debt service requirements on the Prior Bonds and the Series 2007 Bonds; and (ii) the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2007 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2007 Bonds, will not be 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 Series 2007 Bonds.

Very truly yours,

CoxHollidaPrice LLP

CoxHollidaPrice LLP

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

RECEIPT FOR BONDS

On this 28th day of February, 2007, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On the date hereof, in Charleston, West Virginia, the Authority received the Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated February 28, 2007, issued in the principal amount of $8,290,000, in the form of one bond, fully registered to the Authority, and numbered AR-1 (the "Series 2007 A Bonds"); Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund), dated February 28, 2007, issued in the principal amount of $2,019,000, in the form of one bond, fully registered to the Authority, and numbered BR-1 (the "Series 2007 B Bonds") and Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program), dated February 28, 2007, issued in the principal amount of $3,000,000, in the form of one bond, fully registered to the Authority, and numbered CR-1 (the "Series 2007 C Bonds," and together with the Series 2007 A Bonds and the Series 2007 B Bonds, the "Bonds") (collectively, the "Bonds") of Warm Springs Public Service District (the "Issuer").

2. At the time of such receipt of the Bonds, they had been executed by the Chairperson of the Issuer and attested by the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature as of the date first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE, REGISTER AND DELIVER BONDS

CNB Bank, Inc.
Berkeley Springs, West Virginia

Ladies and Gentlemen:

On this 28th day of February, 2007, we herewith hand to you, duly executed, the $8,290,000 Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the form of one bond, numbered AR-1, dated February 28, 2007 (the "Series 2007 A Bonds"); $2,019,000 Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund), in the form of one bond, numbered BR-1, dated February 28, 2007 (the "Series 2007 B Bonds") and $3,000,000 Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program), in the form of one bond, numbered CR-1, dated February 28, 2007 (the "Series 2007 C Bonds," together with the Series 2007 A Bonds and the Series 2007 B Bonds, the "Bonds"), of Warm Springs Public Service District (the "Issuer"), authorized to be issued under and pursuant to a Bond Resolution and a Supplemental Resolution duly adopted by the Issuer on February 26, 2007.

You are hereby requested and authorized to authenticate, register and deliver the Bonds on behalf of the Issuer to the West Virginia Water Development Authority.

WITNESS our signatures as of the date first written above.

WARM SPRINGS PUBLIC SERVICE DISTRICT

Andrew Jurick .
Chairperson

(SEAL)

Attest:

Isaac T Bohrer
Secretary

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 28th day of February, 2007, by and between WARM SPRINGS PUBLIC SERVICE DISTRICT, a public corporation (the "Issuer"), and CNB BANK, INC., Berkeley Springs, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $8,290,000 Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the form of one bond, numbered AR-1; $2,019,000 Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund), in the form of one bond, numbered BR-1; and $3,000,000 Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program), in the form of one bond, numbered CR-1, dated the date hereof (collectively, the "Bonds"), in fully registered form, pursuant to a Bond Resolution and a Supplemental Resolution, both adopted by the Issuer on February 26, 2007 (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 heretofore agreed by the parties and set forth in the attached invoice.

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 address:

ISSUER:

Warm Springs Public Service District
P.O. Box 456
Berkeley Springs, WV 25411
Attention: Chairperson

REGISTRAR:

CNB Bank, Inc.
P.O. Box 130
Berkeley Springs, WV 25411
Attention: Corporate Trust Department

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

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

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

WARM SPRINGS PUBLIC SERVICE DISTRICT

Chairperson

CNB Bank, Inc.

Authorized Officer

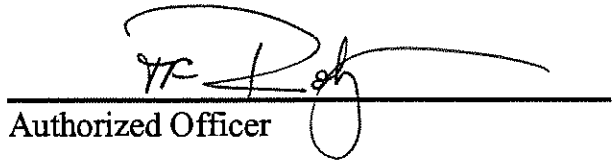
WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
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(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

CERTIFICATE OF REGISTRATION OF BONDS

On this 28th day of February, 2007, CNB Bank, Inc., Berkeley Springs, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of Warm Springs Public Service District (the "Issuer"), dated February 28, 2007, in the principal amount of $8,290,000, numbered AR-1; Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund), of the Issuer, dated February 28, 2007, in the principal amount of $2,019,000, numbered BR-1, and Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program), of the Issuer, dated February 28, 2007, in the principal amount of $3,000,000, numbered CR-1, were registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature as of the date first written above.

CNB Bank, Inc.
as Registrar



Authorized Officer

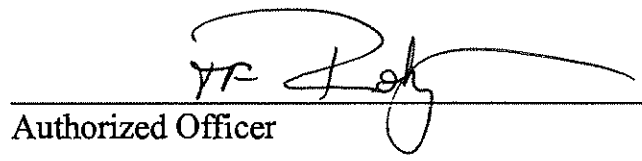
WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 B
(WEST VIRGINIA INFRASTRUCTURE FUND)
SEWER REVENUE BONDS, SERIES 2007 C
(WEST VIRGINIA SRF PROGRAM)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

On this 28th day of February, 2007, CNB Bank, Inc., Berkeley Springs, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution adopted by Warm Springs Public Service District (the "Issuer") on February 26, 2007 (collectively, the "Resolution"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the aggregate principal amount of $8,290,000, dated February 28, 2007; Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund), in the aggregate principal amount of $2,019,000, dated February 28, 2007 and Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program), in the aggregate principal amount of $3,000,000, dated February 28, 2007, and agrees to serve as Depository Bank, all as set forth in the Resolution.

WITNESS my signature as of the date first written above.

CNB Bank, Inc.



Authorized Officer

WV MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

3.12(A)
NEW ISSUE REPORT FORM
Date of Report: February 28, 2007

ISSUE: Warm Springs Public Service District Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 456, Berkeley Springs, WV 25411
COUNTY: Morgan

PURPOSE OF ISSUE: New Money X
Refunding
Refunds issue(s) dated:

ISSUE DATE: February 28 , 2007
CLOSING DATE: February 28, 2007

ISSUE AMOUNT: $8,290,000
RATE: 0%

1st DEBT SERVICE DUE: December 1, 2008
1st PRINCIPAL DUE: December 1, 2008

1st DEBT SERVICE AMOUNT: $ 54,184.00
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL:
Contact Person:
Phone:

CLOSING BANK: CNB Bank, Inc.
Contact Person: Tom Rokisky
Phone: (304) 258-1520

ESCROW TRUSTEE:
Contact Person:
Phone:

KNOWLEDGEABLE ISSUER CONTACT:

Contact Person: Rodney Hovermale
Position: Manager
Phone: (304) 258-4118

OTHER: West Virginia Infrastructure Council
Contact Person: Jeff Brady
Function: Executive Secretary
Phone: (304) 558-4607

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: The Series 2007 A Bonds Reserve Account will be funded over 10 years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required:
Transfers Required:

WV MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

3.12(B)
NEW ISSUE REPORT FORM
Date of Report: February 28, 2007

ISSUE: Warm Springs Public Service District Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 456, Berkeley Springs, WV 25411
COUNTY: Morgan

PURPOSE OF ISSUE: New Money X
Refunding
Refunds issue(s) dated:

ISSUE DATE: February 28 , 2007
CLOSING DATE: February 28, 2007

ISSUE AMOUNT: $2,019,000
RATE: 0%

1st DEBT SERVICE DUE: September 1, 2015
1st PRINCIPAL DUE: September 1, 2015

1st DEBT SERVICE AMOUNT: $ 16,024
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL:
Contact Person:
Phone:

CLOSING BANK: CNB Bank, Inc.
Contact Person: Tom Rokisky
Phone: (304) 258-1520

ESCROW TRUSTEE:
Contact Person:
Phone:

KNOWLEDGEABLE ISSUER CONTACT:

Contact Person: Rodney Hovermale
Position: Manager
Phone: (304) 258-4118

OTHER: West Virginia Infrastructure Council
Contact Person: Jeff Brady
Function: Executive Secretary
Phone: (304) 558-4607

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: The Series 2007 B Bonds Reserve Account will be funded over 10 years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required:
Transfers Required:

WV MUNICIPAL BOND COMMISSION
Suite 500
8 Capitol Street, Charleston, WV 25301
(304) 558-3971

3.12(C)
NEW ISSUE REPORT FORM
Date of Report: February 28, 2007

ISSUE: Warm Springs Public Service District Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program)

ADDRESS: P.O. Box 456, Berkeley Springs, WV 25411
COUNTY: Morgan

PURPOSE OF ISSUE: New Money X
Refunding

Refunds issue(s) dated:

ISSUE DATE: February 28 , 2007
CLOSING DATE: February 28, 2007

ISSUE AMOUNT: $3,000,000
RATE: 0% . . . .5% Admin Fee

1st DEBT SERVICE DUE: December 1, 2008
1st PRINCIPAL DUE: December 1, 2008

1st DEBT SERVICE AMOUNT: $ 9,468
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL:
Contact Person:
Phone:

CLOSING BANK: CNB Bank, Inc.
Contact Person: Tom Rokisky
Phone: (304) 258-1520

ESCROW TRUSTEE:
Contact Person:
Phone:

KNOWLEDGEABLE ISSUER CONTACT:

Contact Person: Rodney Hovermale
Position: Manager
Phone: (304) 258-4118

OTHER: WV Dept. of Environmental Protection
Contact Person: Rose Brodersen
Function: Program Manager
Phone: (304) 926-0449

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: The Series 2007 C Bonds Reserve Account will be funded over 10 years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required:
Transfers Required:

IC-2
(7/30/01)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the WARM SPRINGS PUBLIC SERVICE DISTRICT (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $2,450,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

WARM SPRINGS PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman
Date: February 15, 2007

(SEAL)

Attest:
_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Director
Date: February 15, 2007

(SEAL)

Attest:
_____
Its: Secretary-Treasurer

Exhibit A

Project Description

The Project consists of acquiring and constructing certain improvements and extensions to the existing public sewer facilities, consisting of an upgrade of the wastewater treatment plant and an extension to serve approximately 225 new customers in Berkeley Springs, Morgan County, together with all appurtenant facilities.

WARSP6

ACORD™ EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YY) 11/29/06

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER PHONE (A/C, No, Ext): 304 258-1720
Smith-Nadenbousch Ins./BS
28 N Washington Street, Ste A
P O Box 538
Berkeley Springs, WV 25411

CODE: SUB CODE:
AGENCY CUSTOMER ID #: 19239

INSURED
Warm Springs Public Service District
P.O. Box 456
Berkeley Springs, WV 25411

COMPANY
State Auto Insurance Company
P O Box 182822
Columbus, OH 43218-2822

LOAN NUMBER:
POLICY NUMBER: SPP8074265

EFFECTIVE DATE: 09/11/06
EXPIRATION DATE: 09/11/07
☐ CONTINUED UNTIL TERMINATED IF CHECKED

THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION

LOCATION/DESCRIPTION
E/S of US Rt. 522, 1/2 mile North of
Berkeley Springs, WV 25411
Office & Lab

COVERAGE INFORMATION

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Commercial Property Location Specific Coverages		
Location #: 1 E/S of US Rt. 522, 1/2 mile North of Berkeley Springs, WV 25411		
Building #: 1 Office & Lab		
Coverage: Building	113,568	$ 250
Cause: Special (Including Theft)		
Coverage: Personal Property	42,000	$ 250
Cause: Special (Including Theft)		

REMARKS (Including Special Conditions)

CANCELLATION

THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 10 DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST

NAME AND ADDRESS
West Virginia Water Development
Authority
180 Association Dr.
Charleston, WV 25311-1571

☐ MORTGAGEE ☐ LOSS PAYEE ☒ ADDITIONAL INSURED

LOAN #

AUTHORIZED REPRESENTATIVE

JXM

© ACORD CORPORATION 1993

COVERAGE INFORMATION (Continued from page 1.)

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Building #: 2 Sewage lift pump #1 Coverage: Building Cause: Special (Including Theft)	16,224	$ 250
Building #: 3 Garage Coverage: Building Cause: Special (Including Theft)	56,784	$ 250
Coverage: Personal Property Cause: Special (Including Theft)	5,000	$ 250
Building #: 4 Airation Basin Coverage: Building Cause: Special (Including Theft)	10,816	$ 250
Building #: 5 Clarifier #1 Coverage: Building Cause: Special (Including Theft)	5,408	$ 250
Building #: 6 Clarifier #2 Coverage: Building Cause: Special (Including Theft)	5,408	$ 250
Building #: 7 Sewage lift pump #2 Coverage: Building Cause: Special (Including Theft)	10,816	$ 250
Building #: 8 Sewage lift pump #3 Coverage: Building Cause: Special (Including Theft)	10,816	$ 250
Building #: 9 Polymer bldg. w/pumps & equipment Coverage: Building & Personal Prop Cause: Special (Including Theft)	32,448	$ 250
Building #: 10 Flow meter Coverage: Building Cause: Special (Including Theft)	2,163	$ 250
Building #: 11 Metal fence Coverage: Building Cause: Special (Including Theft)	2,163	$ 250
Fences & Arbors Location #: 2 Jimstown Rd. Berkeley Springs, WV 25411	20,000	$ 250
Building #: 1 Sewage lift pump with fence Coverage: Building Cause: Special (Including Theft) Location #: 3 Howard Ave. Berkeley Springs, WV 25411	27,040	$ 250
Building #: 1 Sewage lift pump with fence Coverage: Building Cause: Special (Including Theft)	27,040	$ 250

WARSP6

ACORD EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YY) 11/30/06

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER
Smith-Nadenbousch Ins./ES
28 N Washington Street, Ste A
P O Box 538
Berkeley Springs, WV 25411

PHONE (A/C, No, Ext): 304 258-1720

CODE: SUB CODE:

AGENCY CUSTOMER ID #: 19239

INSURED
Warm Springs Public Service District
P.O. Box 456
Berkeley Springs, WV 25411

COMPANY
State Auto Insurance Company
P O Box 182822
Columbus, OH 43218-2822

LOAN NUMBER:

POLICY NUMBER: SPP8074265

EFFECTIVE DATE: 09/11/06

EXPIRATION DATE: 09/11/07

CONTINUED UNTIL TERMINATED IF CHECKED

THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION

LOCATION/DESCRIPTION

Location #: 1 E/S of US Rt. 522, 1/2 mile North of Berkeley Springs, WV 25411
Location #: 2 Jimstown Rd. Berkeley Springs, WV 25411
Location #: 3 Howard Ave. Berkeley Springs, WV 25411

COVERAGE INFORMATION

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Commercial Property Location Specific Coverages		
Location #: 1 E/S of US Rt. 522, 1/2 mile North of Berkeley Springs, WV 25411		
Building #: 1 Office & Lab Coverage: Building Cause: Special (Including Theft)	113,568	$ 250
Coverage: Personal Property Cause: Special (Including Theft)	42,000	$ 250
(See Attached Coverage Info.)		

REMARKS (Including Special Conditions)

Board Members as of 3/9/94:
Robert Hawvermale, Chm. Advisory Committee
Rodney Hovermale, Manager

CANCELLATION

THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW _____ DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST

NAME AND ADDRESS
USDA Rural Development
Randal Center Building 1200
Harrison Avenue, Suite 150
Elkins, WV 26241

[X] MORTGAGEE [ ] ADDITIONAL INSURED
[ ] LOSS PAYEE

LOAN #

AUTHORIZED REPRESENTATIVE

JKM

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COVERAGE INFORMATION (Continued from page 1.)

COVERAGE/FORM/SYMBOL	AMOUNT OF INSURANCE	DEDUCTIBLE
Building #: 2 Sewage lift pump #1 Coverage: Building Cause: Special (Including Theft)	16,224	$ 250
Building #: 3 Garage Coverage: Building Cause: Special (Including Theft)	56,784	$ 250
Coverage: Personal Property Cause: Special (Including Theft)	5,000	$ 250
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Building #: 7 Sewage lift pump #2 Coverage: Building Cause: Special (Including Theft)	10,816	$ 250
Building #: 8 Sewage lift pump #3 Coverage: Building Cause: Special (Including Theft)	10,816	$ 250
Building #: 9 Polymer bldg. w/pumps & equipment Coverage: Building & Personal Prop Cause: Special (Including Theft)	32,448	$ 250
Building #: 10 Flow meter Coverage: Building Cause: Special (Including Theft)	2,163	$ 250
Building #: 11 Metal fence Coverage: Building Cause: Special (Including Theft)	2,163	$ 250
Fences & Arbors	20,000	$ 250
Location #: 2 Jimstown Rd. Berkeley Springs, WV 25411		
Building #: 1 Sewage lift pump with fence Coverage: Building Cause: Special (Including Theft)	27,040	$ 250
Location #: 3 Howard Ave. Berkeley Springs, WV 25411		
Building #: 1 Sewage lift pump with fence Coverage: Building Cause: Special (Including Theft)	27,040	$ 250

DIRECT BILL INSURED FULL PAY 47 R 00 10 *
CB00032093

STATE AUTO®
Insurance Companies

STATE AUTOMOBILE MUTUAL INSURANCE COMPANY

COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS

POLICY NUMBER SPP 8074265 17

RENEWAL

NAMED INSURED: WARM SPRINGS PUBLIC

AUDIT FREQUENCY: ANNUAL THE INSURED IS: OTHER

LIMITS OF INSURANCE:

EACH OCCURRENCE LIMIT	$500,000	
PERSONAL AND ADVERTISING INJURY	$500,000	ANY ONE PERSON OR ORGANIZATION
MEDICAL EXPENSE LIMIT	$5,000	ANY ONE PERSON
DAMAGE TO PREMISES RENTED TO YOU	$100,000	ANY ONE PREMISES
GENERAL AGGREGATE LIMIT (OTHER THAN PRODUCTS - COMPLETED OPERATIONS)	$1,000,000	
PRODUCTS- COMPLETED OPERATIONS AGGREGATE LIMIT	$500,000	

* TOTAL ADVANCE GENERAL LIABILITY PREMIUM (SUBJECT TO AUDIT): $2,636.00
* INCLUDES TERRORISM INSURANCE COVERAGE PREMIUM $21.00

FORMS AND ENDORSEMENTS APPLICABLE TO THIS POLICY:

CG 21 33 11/85	CG 21 44 07/98	CG 21 16 07/98	CG 22 33 07/98
CG 21 47 07/98	GL 4 07/98	CG 21 49 09/99	CG 20 11 01/96
SL 20 02 01/02	SL 20 04 11/02	CG 21 87 05/04	IL 09 99 05/04
CG 24 26 07/04 *	CG 21 72 12/02 *	CG 21 76 11/02 *	CG 00 01 12/04 *
CG 26 62 12/04 *			

COUNTERSIGNED _____ BY _____
(AUTHORIZED REPRESENTATIVE)

WARSP6

ACORD EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YY) 11/30/06

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER | PHONE (A/C, No, Ext): 304 258-1720
Smith-Nadenbousch Ins./BS
28 N Washington Street, Ste A
P O Box 538
Berkeley Springs, WV 25411

CODE: | SUB CODE:

AGENCY CUSTOMER ID #: 19239

INSURED
Warm Springs Public Service District
P.O. Box 456
Berkeley Springs, WV 25411

COMPANY
State Auto Insurance Company
P O Box 182822
Columbus, OH 43218-2822

LOAN NUMBER:

POLICY NUMBER: SPP8074265

EFFECTIVE DATE: 09/11/06 | EXPIRATION DATE: 09/11/07 | ☐ CONTINUED UNTIL TERMINATED IF CHECKED

THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION

LOCATION/DESCRIPTION
Location #: 1 E/S of US Rt. 522, 1/2 mile North of Berkeley Springs, WV 25411
Location #: 2 Jimstown Rd. Berkeley Springs, WV 25411
Location #: 3 Howard Ave. Berkeley Springs, WV 25411

COVERAGE INFORMATION

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Commercial Property Location Specific Coverages		
Location #: 1 E/S of US Rt. 522, 1/2 mile North of Berkeley Springs, WV 25411		
Building #: 1 Office & Lab		
Coverage: Building Cause: Special (Including Theft)	113,568	$ 250
Coverage: Personal Property Cause: Special (Including Theft)	42,000	$ 250
(See Attached Coverage Info.)		

REMARKS (Including Special Conditions)

CANCELLATION

THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW _____ DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST

NAME AND ADDRESS
USDA Rural Development
Randal Center Building 1200
Harrison Avenue, Suite 150
Elkins, WV 26241

[X] MORTGAGEE | [ ] ADDITIONAL INSURED
[ ] LOSS PAYEE

LOAN #

AUTHORIZED REPRESENTATIVE

JXM

© ACORD CORPORATION 1993

COVERAGE INFORMATION (Continued from page 1.)

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Building #: 2 Sewage lift pump #1 Coverage: Building Cause: Special (Including Theft)	16,224	$ 250
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Building #: 10 Flow meter Coverage: Building Cause: Special (Including Theft)	2,163	$ 250
Building #: 11 Metal fence Coverage: Building Cause: Special (Including Theft)	2,163	$ 250
Fences & Arbors	20,000	$ 250
Location #: 2 Jimstown Rd. Berkeley Springs, WV 25411		
Building #: 1 Sewage lift pump with fence Coverage: Building Cause: Special (Including Theft)	27,040	$ 250
Location #: 3 Howard Ave. Berkeley Springs, WV 25411		
Building #: 1 Sewage lift pump with fence Coverage: Building Cause: Special (Including Theft)	27,040	$ 250

Client#: 19239 WARSP6

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 12/08/06

PRODUCER
Smith-Nadenbousch Ins./BS
28 N Washington Street, Ste A
P O Box 538
Berkeley Springs, WV 25411

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
Warm Springs Public Service District
P.O. Box 456
Berkeley Springs, WV 25411

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: State Auto Insurance Company	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR [X] OCP GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [ ] LOC	SPP8074265	09/11/06	09/11/07	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$500,000 $100,000 $5,000 $500,000 $1,000,000 $500,000
A		AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [X] SCHEDULED AUTOS [X] HIRED AUTOS [X] NON-OWNED AUTOS	BAP6541004	09/11/06	09/11/07	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$1,000,000 $ $ $
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
		EXCESS/UMBRELLA LIABILITY [ ] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [ ] RETENTION $				EACH OCCURRENCE AGGREGATE	$ $
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				[ ] WC STATU-TORY LIMITS [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ $ $
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Miscellaneous Coverage - Business Automobile - Pol.# BAP6541004

Form Information

(See Attached Descriptions)

CERTIFICATE HOLDER

West Virginia Water Development Authority
180 Association Dr
Charleston, WV 25311-1217

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

© ACORD CORPORATION 1988

IMPORTANT

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DESCRIPTIONS (Continued from Page 1)

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Form: CA0001 Edt. Date: 10/01/01
Form Description: Business Auto Coverage Form
Form: CA0183 Edt. Date: 09/01/02 Form Description: West Virginia Changes
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Form Description: West Virginia Changes-Cancellation
Form: CA9944 Edt. Date: 12/01/93 Form Description: Loss Payable Clause
Form: PA0235 Edt. Date: 12/01/00
Form Description: WV Changes- Cancellation
Form: AU615 Edt. Date: 07/01/91 Form Description: Special Deductable
Form: IL0017 Edt. Date: 11/01/98
Form Description: Common Policy Condtions
Form: AU154 Edt. Date: 01/01/91
Form Description: Amendment of Policy Provisions
Form: CA2122A Edt. Date: 10/01/02
Form Description: West Virginia Uninsured Motorists Coverage
Form: IL0021 Edt. Date: 07/01/02
Form Description: Nuclear Energy Liability Exclusion Endt.
Form: IL0003 Edt. Date: 07/01/02
Form Description: Calculation Of Premium
Form: CA0189 Edt. Date: 03/01/94
Form Description: WV Changes-Coverage ext for Temporary Substitute Autos
Form: PN0083 Edt. Date: 08/01/03
Form Description: Policyholder Disclosure-Notice of Terrorism Ins. Coverage
Form: CA2359 Edt. Date: 12/01/02
Form Description: Nuclear, Biological, Chemical Terrorism Exclusion
Form: CA2362 Edt. Date: 11/01/02
Form Description: Exclusion of Punitive Damages-Certified Act of Terrorism
Form: SA1013 Edt. Date: 04/01/04
Form Description: ELECTRONIC EQUIPMENT COVERAGE
Form: CA2376 Edt. Date: 05/01/04
Form Description: Conditional Excl. of Terrorism
Form: SA0051 Edt. Date: 12/01/04
Form Description: MOBILE EQUIPMENT COVERAGE
Form: CA0051 Edt. Date: 12/01/04
Form Description: CHANGES IN MOBILE EQUIPMENT

** Supplemental Name **
Name Printed on DEC Page: Warm Springs Public Service District

Sewage Treatment Facilities

Client#: 19239 WARSP6

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 12/08/06

PRODUCER
Smith-Nadenbousch Ins./BS
28 N Washington Street, Ste A
P O Box 538
Berkeley Springs, WV 25411

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
Warm Springs Public Service District
P.O. Box 456
Berkeley Springs, WV 25411

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: State Auto Insurance Company	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY	SPP8074265	09/11/06	09/11/07		
		[X] COMMERCIAL GENERAL LIABILITY				EACH OCCURRENCE	$500,000
		[ ] CLAIMS MADE [X] OCCUR				DAMAGE TO RENTED PREMISES (Ea occurrence)	$100,000
						MED EXP (Any one person)	$5,000
		[X] OCP				PERSONAL & ADV INJURY	$500,000
		GEN'L AGGREGATE LIMIT APPLIES PER:				GENERAL AGGREGATE	$1,000,000
		[ ] POLICY [ ] PRO-JECT [ ] LOC				PRODUCTS - COMP/OP AGG	$500,000
A		AUTOMOBILE LIABILITY	BAP6541004	09/11/06	09/11/07		
		[ ] ANY AUTO				COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
		[ ] ALL OWNED AUTOS				BODILY INJURY (Per person)	$
		[X] SCHEDULED AUTOS				BODILY INJURY (Per accident)	$
		[X] HIRED AUTOS				PROPERTY DAMAGE (Per accident)	$
		[X] NON-OWNED AUTOS					
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	$
		[ ] ANY AUTO				OTHER THAN AUTO ONLY: EA ACC	$
						AGG	$
		EXCESS/UMBRELLA LIABILITY				EACH OCCURRENCE	$
		[ ] OCCUR [ ] CLAIMS MADE				AGGREGATE	$
							$
		[ ] DEDUCTIBLE					$
		[ ] RETENTION $					$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				[ ] WC STATU-TORY LIMITS [ ] OTH-ER	
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT	$
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	$
						E.L. DISEASE - POLICY LIMIT	$
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Miscellaneous Coverage - Business Automobile - Pol.# BAP6541004

Form Information

(See Attached Descriptions)

CERTIFICATE HOLDER

U S D A Rural Develpoment
Randolph Center Bldg., 1200
Harrison Ave, Suite 150
Elkins, WV 26241

CANCELLATION

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AUTHORIZED REPRESENTATIVE

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Form Description: WV Changes- Cancellation
Form: AU615 Edt. Date: 07/01/91 Form Description: Special Deductable
Form: IL0017 Edt. Date: 11/01/98
Form Description: Common Policy Condtions
Form: AU154 Edt. Date: 01/01/91
Form Description: Amendment of Policy Provisions
Form: CA2122A Edt. Date: 10/01/02
Form Description: West Virginia Uninsured Motorists Coverage
Form: IL0021 Edt. Date: 07/01/02
Form Description: Nuclear Energy Liability Exclusion Endt.
Form: IL0003 Edt. Date: 07/01/02
Form Description: Calculation Of Premium
Form: CA0189 Edt. Date: 03/01/94
Form Description: WV Changes-Coverage ext for Temporary Substitute Autos
Form: PN0083 Edt. Date: 08/01/03
Form Description: Policyholder Disclosure-Notice of Terrorism Ins. Coverage
Form: CA2359 Edt. Date: 12/01/02
Form Description: Nuclear, Biological, Chemical Terrorism Exclusion
Form: CA2362 Edt. Date: 11/01/02
Form Description: Exclusion of Punitive Damages-Certified Act of Terrorism
Form: SA1013 Edt. Date: 04/01/04
Form Description: ELECTRONIC EQUIPMENT COVERAGE
Form: CA2376 Edt. Date: 05/01/04
Form Description: Conditional Excl. of Terrorism
Form: SA0051 Edt. Date: 12/01/04
Form Description: MOBILE EQUIPMENT COVERAGE
Form: CA0051 Edt. Date: 12/01/04
Form Description: CHANGES IN MOBILE EQUIPMENT

** Supplemental Name **
Name Printed on DEC Page: Warm Springs Public Service District

Sewage Treatment Facilities

Client#: 19239 WARSP6

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 12/08/06

PRODUCER
Smith-Nadenbousch Ins./BS
28 N Washington Street, Ste A
P O Box 538
Berkeley Springs, WV 25411

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INSURED
Warm Springs Public Service District
P.O. Box 456
Berkeley Springs, WV 25411

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: State Auto Insurance Company	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

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INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY	SPP8074265	09/11/06	09/11/07	EACH OCCURRENCE	$500,000
		[X] COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	$100,000
		[ ] CLAIMS MADE [X] OCCUR				MED EXP (Any one person)	$5,000
		[X] OCP				PERSONAL & ADV INJURY	$500,000
		GEN'L AGGREGATE LIMIT APPLIES PER:				GENERAL AGGREGATE	$1,000,000
		[ ] POLICY [ ] PRO-JECT [ ] LOC				PRODUCTS - COMP/OP AGG	$500,000
A		AUTOMOBILE LIABILITY	BAP6541004	09/11/06	09/11/07	COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
		[ ] ANY AUTO				BODILY INJURY (Per person)	$
		[ ] ALL OWNED AUTOS				BODILY INJURY (Per accident)	$
		[X] SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	$
		[X] HIRED AUTOS					
		[X] NON-OWNED AUTOS					
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	$
		[ ] ANY AUTO				OTHER THAN AUTO ONLY: EA ACC	$
						AGG	$
		EXCESS/UMBRELLA LIABILITY				EACH OCCURRENCE	$
		[ ] OCCUR [ ] CLAIMS MADE				AGGREGATE	$
							$
		[ ] DEDUCTIBLE					$
		[ ] RETENTION $					$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				[ ] WC STATU-TORY LIMITS [ ] OTH-ER	
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT	$
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	$
						E.L. DISEASE - POLICY LIMIT	$
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Miscellaneous Coverage - Business Automobile - Pol.# BAP6541004

Form Information

(See Attached Descriptions)

CERTIFICATE HOLDER

U S D A Rural Develpoment
Randolph Center Bldg., 1200
Harrison Ave, Suite 150
Elkins, WV 26241

CANCELLATION

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AUTHORIZED REPRESENTATIVE

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Form Description: WV Changes- Cancellation
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Form Description: Conditional Excl. of Terrorism
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Form Description: MOBILE EQUIPMENT COVERAGE
Form: CA0051 Edt. Date: 12/01/04
Form Description: CHANGES IN MOBILE EQUIPMENT

** Supplemental Name **
Name Printed on DEC Page: Warm Springs Public Service District

Sewage Treatment Facilities

Client#: 19239 WARSP6

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DATE (MM/DD/YYYY) 12/08/06

PRODUCER
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P O Box 538
Berkeley Springs, WV 25411

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INSURED
Warm Springs Public Service District
P.O. Box 456
Berkeley Springs, WV 25411

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: State Auto Insurance Company	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

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		CLAIMS MADE X OCCUR				MED EXP (Any one person)	$5,000
		X OCP				PERSONAL & ADV INJURY	$500,000
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		POLICY PRO-JECT LOC				PRODUCTS - COMP/OP AGG	$500,000
A		AUTOMOBILE LIABILITY	BAP6541004	09/11/06	09/11/07	COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
		ANY AUTO				BODILY INJURY (Per person)	$
		ALL OWNED AUTOS				BODILY INJURY (Per accident)	$
		X SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	$
		X HIRED AUTOS					
		X NON-OWNED AUTOS					
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	$
		ANY AUTO				OTHER THAN AUTO ONLY: EA ACC	$
						AGG	$
		EXCESS/UMBRELLA LIABILITY				EACH OCCURRENCE	$
		OCCUR CLAIMS MADE				AGGREGATE	$
							$
		DEDUCTIBLE					$
		RETENTION $					$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATU-TORY LIMITS / OTH-ER	
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT	$
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	$
						E.L. DISEASE - POLICY LIMIT	$
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Miscellaneous Coverage - Business Automobile - Pol.# BAP6541004

Form Information

(See Attached Descriptions)

CERTIFICATE HOLDER

West Virginia Water Development Authority
180 Association Dr
Charleston, WV 25311-1217

CANCELLATION

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Form Description: CHANGES IN MOBILE EQUIPMENT

** Supplemental Name **
Name Printed on DEC Page: Warm Springs Public Service District

Sewage Treatment Facilities

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone: (304) 926-0495
FAX: (304) 926-0496

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

June 12, 2006

Mr. Andrew Jurick, Chairman
Warm Springs Public Service District
271 Wilkes Street
P.O. Box 456
Berkeley Springs, WV 25411

RE: Warm Springs PSD
Plans and Specifications Approval
IJDC No. 2003S – 736

Dear Mr. Jurick:

The plans and specifications for the above referenced project were previously approved by DEP on July 29, 2004. Revisions were submitted on April 7, 2006, and have been found to be acceptable.

This approval DOES NOT constitute authority to advertise for bids. You will be advised by separate letter from the Infrastructure and Jobs Development Council as to when such an advertisement can be initiated.

Please be advised it will be necessary to issue an addendum to the contract documents prior to opening of bids, to include the current State Labor Wage Determinations. This and all addenda and revisions to the contract documents must be telefaxed to this office for approval and issued to plan holders five (5) days prior to bid opening. Failure to submit addenda in a timely manner will automatically nullify approval to open bids. Any addenda issued inside the five (5) day period prior to the bid opening must include an automatic extension to the bid opening date of a minimum of seven (7) days.

If any questions arise, please contact Mike Warwick, P.E., at (304) 926-0499 Ext. 1597.

Sincerely,

Mike Johnson

Mike Johnson, P.E.
Assistant Director
Clean Water SRF Program

JMJ/mwl

cc: Jeff Brady P.E., IJDC
Jodie Reese, CET Engr.

JACKSONKELLY
ATTORNEYS AT LAW PLLC

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February 28, 2007

Warm Springs Public Service District
Berkeley Springs, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Re: Warm Springs Public Service District Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as bond counsel to Warm Springs Public Service District (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds") issued contemporaneously with its Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program), dated the date hereof.

We have examined certified copies of proceedings and other papers relating to the authorization of (i) loan agreement for the Series 2007 A Bonds, dated February 15, 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the Series 2007 A Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 2007 A Bonds are issued in the principal amount of $2,019,000, in the form of one bond, registered to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December

1 of each year, commencing December 1, 2008, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2007 A Bonds.

The Series 2007 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 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 sewer facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on February 26, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 26, 2007 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Series 2007 A Bonds are authorized and issued, and the Loan Agreement is entered into. The Series 2007 A Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and a 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 Series 2007 A 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 and is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof.

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

4. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Series 2007 A Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Series 2007 A Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Series 2007 A Bonds and the Resolution.

6. Under the Act, the Series 2007 A Bonds and any interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Series 2007 A Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest, if any, from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Series 2007 A Bonds.

No opinion is given herein as to the effect upon the enforceability of the Series 2007 A Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed and authenticated Bond numbered AR-1, and in our opinion, the form of said Series 2007 A Bonds and their execution and authentication are regular and proper.

Very truly yours,

Jackson Kelly PLLC

JACKSONKELLY
ATTORNEYS AT LAW PLLC

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February 28, 2007

Warm Springs Public Service District
Berkeley Springs, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Re: Warm Springs Public Service District Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as bond counsel to Warm Springs Public Service District (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) (the "Series 2007 B Bonds") issued contemporaneously with its Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program), dated the date hereof.

We have examined certified copies of proceedings and other papers relating to the authorization of (i) loan agreement for the Series 2007 B Bonds, dated February 15, 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the Series 2007 B Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 2007 B Bonds are issued in the principal amount of $2,019,000, in the form of one bond, registered to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December

1 of each year, commencing September 1, 2015, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2007 B Bonds.

The Series 2007 B Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 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 sewer facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on February 26, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 26, 2007 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Series 2007 B Bonds are authorized and issued, and the Loan Agreement is entered into. The Series 2007 B 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 meaning set forth in the Resolution and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and a 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 Series 2007 B 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 and is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof.

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

4. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Series 2007 B Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Series 2007 B Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Series 2007 B Bonds and the Resolution.

6. Under the Act, the Series 2007 B Bonds and any interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Series 2007 B Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest, if any, from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Series 2007 B Bonds.

No opinion is given herein as to the effect upon the enforceability of the Series 2007 B Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed and authenticated Bond numbered BR-1, and in our opinion, the form of said Series 2007 B Bonds and their execution and authentication are regular and proper.

Very truly yours,

Jackson Kelly PLLC

JACKSONKELLY
ATTORNEYS AT LAW PLLC

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February 28, 2007

Warm Springs Public Service District
Berkeley Springs, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Re: Warm Springs Public Service District Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program)

Ladies and Gentlemen:

We have served as bond counsel to Warm Springs Public Service District (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program) (the "Series 2007 C Bonds") issued contemporaneously with its Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and its Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) all dated the date hereof.

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a bond purchase agreement for the Series 2007 C Bonds, dated January 9, 2007, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Series 2007 C Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Series 2007 C Bonds are issued in the principal amount of $2,019,000, in the form of one bond, registered to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2008, all as set forth in

the Schedule Y attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2007 C Bonds.

The Series 2007 C 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 Code of West Virginia, 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 sewer facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on February 26, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 26, 2007 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Series 2007 C Bonds are authorized and issued, and the Bond Purchase Agreement is entered into. The Series 2007 C 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 Bond Purchase Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Bond Purchase 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 and is a public corporation and a 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 Series 2007 C Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Series 2007 C Bonds. The Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

5. The Series 2007 C Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Series 2007 C Bonds and the Resolution.

6. Under the Act, the Series 2007 C Bonds and any interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Series 2007 C Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest, if any, from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Series 2007 C Bonds.

No opinion is given herein as to the effect upon the enforceability of the Series 2007 C Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or

other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed and authenticated Bond numbered CR-1 and in our opinion, the form of said Series 2007 C Bonds and their execution and authentication are regular and proper.

Very truly yours,

Jackson Kelly PLLC

TRUMP & TRUMP, L.C.

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Charles S. Trump IV
George I. McVey
Eric S. Black
Tammy Mitchell McWilliams ♦

Joanna L-S Robinson

♦ *Also admitted in MD and DC*

C.S. Trump, Jr. (1891-1965)
C. Samuel Trump III (1933-1998)

February 28, 2007

Warm Springs Public Service District
Berkeley Springs, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: Warm Springs Public Service District Sewer Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Series 2007 A Bonds"), Sewer Revenue Bonds, Series 2007 B (West Virginia Infrastructure Fund) (the "Series 2007 B Bonds") and Sewer Revenue Bonds, Series 2007 C (West Virginia SRF Program) (the "Series 2007 C Bonds")

Ladies and Gentlemen:

We are counsel to Warm Springs Public Service District (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a loan agreement for the Series 2007 A Bonds, dated February 15, 2007 and a loan agreement for the Series 2007 B Bonds, dated February 15, 2007, including all schedules and exhibits attached thereto (together, the "Infrastructure Loan Agreements"), by and between the Issuer and the West

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Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), a bond purchase agreement for the Series 2007 C Bonds dated January 9, 2007, included all schedules and exhibits attached thereto (the "Bond Purchase Agreement," and together with the Infrastructure Loan Agreements, the "Loan Agreements"), by and between the Authority, on behalf of the West Virginia Department of Environmental Protection (the "DEP"), a Bond Resolution duly adopted by the Public Service Board of the Issuer (the "Board") on February 26, 2007, as supplemented by a Supplemental Resolution duly adopted on February 26, 2007 (collectively, the "Resolution"), orders of The County Commission of Morgan County relating to the Issuer and the appointment of members of the Board, and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Loan Agreement and the Resolution when used herein.

We are of the opinion that:

1. The Issuer is a duly created and validly existing public service district and is a 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 and to adopt the Resolution, all under the Act and other applicable provisions of law.

2. The members and officers of the Board have been duly and properly appointed and elected, have taken the requisite oaths and are thereby authorized to act on behalf of the Issuer in their respective capacities.

3. The Loan Agreements have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

4. The Resolution has been duly adopted by the Board and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for the use of the System, including, without limitation, all requisite permits, approvals, orders and certificates from The County Commission of Morgan County, the West Virginia Department of Environmental Protection and the Council. The Issuer has taken all actions required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges.

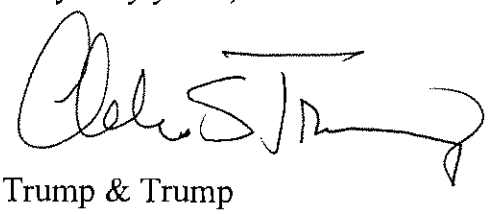
7. To the best of our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds and the Resolution, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds, the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bonds.

8. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have

been verified for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Resolution and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,



Trump & Trump