BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

Date of Closing: October 25, 2001

BOND TRANSCRIPT

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BERKELEY COUNTY PSD
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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2001 A (West Virginia Water Development Authority)

BOND TRANSCRIPT

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND RESOLUTION

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $4,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN 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 BERKELEY COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Berkeley County Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Berkeley County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks facilities of the Issuer, consisting of a 30,000 gallon water tank in the Glenwood Forest community, 32,500 linear feet of 8-inch waterline and 2,000 linear feet of 6-inch waterline in the southern portion of its water distribution system and for improvements to its Bunker Hill Water Treatment Plant and LeFevre Spring source in Berkeley County, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2001 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2001 (West Virginia Water Development Authority), in the total aggregate principal amount of not more than $4,400,000 (the "Series 2001 Bonds"), to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2001 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2001 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2001 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2001 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

G. Pursuant to the Orders of the Public Service Commission of West Virginia (the "PSC") dated December 28, 2000 and April 26, 2001, in Case No. 00-0893-PWD-PC and the Resolution of The County Commission of Berkeley County (the "Berkeley Commission") dated June 28, 2001, the PSC and the Berkeley Commission approved the merger of Hedgesville Public Service District ("Hedgesville") and Opequon Public Service District ("Opequon") into the District and the dissolution of Hedgesville and Opequon.

H. There are outstanding obligations of the Issuer (including those assumed from Hedgesville and Opequon, hereinafter collectively, the "Prior Bonds") which are designated and have the lien positions with respect to the Net Revenues of the merged waterworks system of the Issuer as follows:

Designation	Lien Position
(1) Water Refunding Revenue Bonds, Series 1993 A (the "Series 1993 A Bonds"), dated March 24, 1993, and issued in the aggregate principal amount of $3,350,000;	First Lien
(2) Water Revenue Bonds, Series 1993 B (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 A) (the "Series 1993 B Bonds") dated March 8, 1993, and issued in the aggregate principal amount of $528,871;	First Lien
(3) Water Revenue Bonds, Series 1993 C (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 B) (the "Series 1993 C Bonds") dated March 8, 1993, and issued in the aggregate principal amount of $17,629;	Second Lien
(4) Water Revenue Bonds, Series 1993 D (formerly Opequon Public Service District Water Revenue Bonds, Series 1993) (the "Series 1993 D Bonds") dated July 29, 1993, and issued in the aggregate principal amount of $10,257,957;	First Lien

(5) Water Revenue Bonds, Series 1994 (the "Series 1994 Bonds") dated September 1, 1994, and issued in the aggregate principal amount of $2,275,000;	First Lien
(6) Water Revenue Bonds, Series 1996 (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1996) (the "Series 1996 Bonds") dated August 6, 1996, and issued in the aggregate principal amount of $677,158;	First Lien
(7) Water Revenue Bonds, Series 1997 (formerly Opequon Public Service District Water Revenue Bonds, Series 1997) (the "Series 1997 Bonds") dated June 25, 1997, and issued in the aggregate principal amount of $3,339,090;	First Lien
(8) Water Refunding Bond Anticipation Notes, Series 2001 (formerly Hedgesville Public Service District Water Refunding Bond Anticipation Notes, Series 2001) (the "Series 2001 Notes").	No Lien

The Series 1993 A Bonds, the Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1994 Bonds, the Series 1996 Bonds and the Series 1997 Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds. The Series 2001 Notes are not secured by the assets of the System or the Net Revenues thereof and are junior and subordinate to the First Lien Bonds and the Second Lien Bonds.

The Series 2001 Bonds shall be issued on a parity with the First Lien Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2001 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met, (ii) the written consent of certain of the Holders of the First Lien Bonds to the issuance of the Series 2001 Bonds on a parity with the First Lien Bonds, and (iii) the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2001 Bonds senior and prior to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2001 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2001 Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001 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 Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2001 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2001 Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

"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.

"Bonds" means, collectively, the Series 2001 Bonds, the Prior Bonds, and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2001 Bonds for the proceeds representing the purchase price of the Series 2001 Bonds from the Authority.

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

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

"Consulting Engineers" means Dewberry & Associates, Fairfax, Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

"First Lien Bonds" means the Series 1993 A Bonds, the Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1994 Bonds, the Series 1996 Bonds and the Series 1997 Bonds.

"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.

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

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

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

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

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

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 2001 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2001 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2001 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2001 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 current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be

incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that all monthly amortization payments upon the Bonds and into the Reserve Accounts and the Renewal and Replacement Fund have been made to the last monthly payment date prior to the date of such retention.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of 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 2001 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the First Lien Bonds and the Second Lien Bonds.

"Prior Resolutions" means, collectively, the bond resolutions of the Issuer or the bond resolutions of Hedgesville and Opequon assumed by merger, 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.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be

replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions and continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2001 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Series 2001 Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Resolutions.

"Second Lien Bonds" means the Series 1993 C Bonds.

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

"Series 1993 A Bonds" means the Water Refunding Revenue Bonds, Series 1993 A, as described in Section 1.02(H).

"Series 1993 B Bonds" means the Water Revenue Bonds, Series 1993 B (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 A), as described in Section 1.02(H).

"Series 1993 C Bonds" means the Water Revenue Bonds, Series 1993 C (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 B), as described in Section 1.02(H).

"Series 1993 D Bonds" means the Water Revenue Bonds, Series 1993 D (formerly Opequon Public Service District Water Revenue Bonds, Series 1993), as described in Section 1.02(H).

"Series 1994 Bonds" means the Water Revenue Bonds, Series 1994, as described in Section 1.02(H).

"Series 1996 Bonds" means the Water Revenue Bonds, Series 1996 (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1996), as described in Section 1.02(H).

"Series 1997 Bonds" means the Water Revenue Bonds, Series 1997 (formerly Opequon Public Service District Water Revenue Bonds, Series 1997), as described in Section 1.02(H).

"Series 2001 Notes" means the Water Refunding Bond Anticipation Notes, Series 2001 (formerly Hedgesville Public Service District Water Refunding Bond Anticipation Notes, Series 2001), as described in Section 1.02(H).

"Series 2001 Bonds" means the Water Revenue Bonds, Series 2001 (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 2001 Bonds Construction Trust Fund" means the Series 2001 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2001 Bonds Reserve Account" means the Series 2001 Bonds Reserve Account established in the Series 2001 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2001 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2001 Bonds in the then current or any succeeding year.

"Series 2001 Bonds Sinking Fund" means the Series 2001 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2001 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2001 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2001 Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2001 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete public waterworks system of the Issuer, as presently existing in its entirety or any integral part thereof, and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system, and shall 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.

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.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $4,400,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2001 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated to be $4,400,000, which will be obtained from proceeds of the Series 2001 Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2001 Bonds, funding a reserve account for the Series 2001 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2001 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 2001 Bonds of the Issuer. The Series 2001 Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2001 (West Virginia Water Development Authority)," in the principal amount of not more than $4,400,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2001 Bonds, remaining after funding of the Series 2001 Bonds Reserve Account (if funded from Bond proceeds), and capitalizing interest on the Series 2001 Bonds, shall be deposited in or credited to the Series 2001 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2001 Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually 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. The Series 2001 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 2001 Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2001 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 2001 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2001 Bonds shall be exchangeable at the option and expense of the Holder for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2001 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2001 Bonds shall cease to be such officer of the Issuer before the Series 2001 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2001 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2001 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2001 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2001 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 2001 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2001 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

Section 3.06. Bonds Mutilated, Destr[illegible]st. In case any Bond shall become mutilated or be destroyed, stolen or [illegible] discretion, issue, and the Bond Registrar shall, if so advised by [illegible]iver, a new Bond of the same series and of like tenor as th[illegible]en or lost, in exchange and substitution for such [illegible] and cancellation of such mutilated Bond, or in lieu [illegible]oyed, stolen or lost, and upon the Holder's furnishir[illegible]ng with such other reasonable regulations and conditi[illegible]ying such expenses as the Issuer and the Bond Regist[illegible]red shall be cancelled by the Bond Registrar and hel[illegible]y such Bond shall have matured or be about to matur[illegible] the Issuer may pay the same, upon being indemnifi[illegible]e lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Inc[illegible]ssuer. The Series 2001 Bonds shall not, in any event, be or constitute an inde[illegible]of the Issuer within the meaning of any constitutional or statutory provision or limitati[illegible]out shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2001 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2001 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all the Series 2001 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the

lien on such Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Series 2001 Notes are not secured by the assets of the System or the Net Revenues thereof and are junior and subordinate to the First Lien Bonds and the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2001 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 2001 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2001 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2001 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2001 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2001 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2001 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 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2001
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. R-____ $_____

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

The interest on this Bond shall be payable semiannually on April 1 and October 1 of each year, commencing _____ 1, ____, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking & Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 20___.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); [(ii) to pay capitalized interest on this Bond for the construction period and not

more than 6 months thereafter; (iii) to fund a reserve account for this Bond] and (iv) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2001, and a Supplemental Resolution duly adopted by the Issuer on _____, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REFUNDING REVENUE BONDS, SERIES 1993 A, (2) WATER REVENUE BONDS, SERIES 1993 B, (3) WATER REVENUE BONDS, SERIES 1993 D, (4) WATER REVENUE BONDS, SERIES 1994, (5) WATER REVENUE BONDS, SERIES 1996, AND (6) WATER REVENUE BONDS, SERIES 1997 (COLLECTIVELY, THE "FIRST LIEN BONDS") AND SENIOR AND PRIOR TO THE ISSUER'S WATER REVENUE BONDS, SERIES 1993 C (THE "SECOND LIEN BONDS," AND 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 operation of the System, on parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and senior and prior to the Second Lien Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2001 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so

long as the Series 1993 A Bonds and the Series 1994 Bonds are no longer outstanding and there exists in the Series 2001 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such 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 in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2001.

[SEAL]

By: _____
Its: Chairman

ATTEST:

By: _____
Its: Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 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: _____, 2001.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2001 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule A" Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule, the form of which will be provided by the Authority, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2001 Bonds Construction Trust Fund; and

(4) Rebate 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 or accounts of the Commission and the Issuer and from each other:

(1) Series 2001 Bonds Sinking Fund; and

(2) Series 2001 Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit

in the respective Sinking Funds, the amounts required under the Prior Resolutions to pay interest on the Series 1993 A Bonds, the Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1994 Bonds, the Series 1996 Bonds, and the Series 1997 Bonds; and (ii) commencing 7 months prior to the first date of payment of interest on the Series 2001 Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2001 Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2001 Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds, the amounts required under the Prior Resolutions to pay principal of the Series 1993 A Bonds, the Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1994 Bonds, the Series 1996 Bonds, and the Series 1997 Bonds; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2001 Bonds, for deposit in the Series 2001 Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2001 Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2001 Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to pay the respective Reserve Requirement on the Series 1993 A Bonds, the Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1994 Bonds, the Series 1996 Bonds, and the Series 1997 Bonds; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2001 Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2001 Bonds, for deposit in the Series 2001 Bonds Reserve Account, an amount equal to 1/120th of the Series 2001 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2001 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 2001 Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, 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.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1993 C Bonds Sinking Fund the amount required under the Prior Resolutions to pay principal of the Series 1993 C Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1993 C Bonds Reserve Account the amount required under the Prior Resolutions.

Moneys in the Series 2001 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2001 Bonds as the same shall become due. Moneys in the Series 2001 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2001 Bonds as the same shall come due, when other moneys in the Series 2001 Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 2001 Bonds Sinking Fund and the Series 2001 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2001 Bonds Construction Trust Fund, and following completion of construction of the

Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2001 Bonds, and then to the next ensuing principal payment due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 2001 Bonds Reserve Account which result in a reduction in the balance of the Series 2001 Bonds Reserve Account to below the Series 2001 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2001 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2001 Bonds Sinking Fund or the Series 2001 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2001 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2001 Bonds and the First Lien Bonds, and thereafter, with respect to the Series 1993 C Bonds, all in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2001 Bonds Sinking Fund and the Series 2001 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2001 Bonds Sinking Fund and the Series 2001 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund permitted hereunder, the Series 2001 Bonds Sinking Fund and the Series 2001 Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2001 Bonds Outstanding under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2001 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall complete the "Monthly Payment Form", a form of which is attached to the Loan Agreement and submit a copy of said form, together with a copy of its payment check to the Authority by the 5th day of such calender month.

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

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

E. 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.

F. 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.

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

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

I. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2001 Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2001 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2001 Bonds, there shall first be deposited with the Commission in the Series 2001 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2001 Bonds for the period commencing on the date of issuance of the Series 2001 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2001 Bonds, there shall be deposited with the Commission in the Series 2001 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2001 Bonds Reserve Account.

C. The remaining moneys derived from the sale of the Series 2001 Bonds shall be deposited with the Depository Bank in the Series 2001 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 2001 Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 2001 Bonds Construction Trust Fund set forth in the Bond Legislation. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Series 2001 Bonds Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 2001 Bonds.

Section 6.02. Disbursements From the Series 2001 Bonds Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2001 Bonds Construction Trust Fund shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 2001 Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2001 Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Series 2001 Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Series 2001 Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs of the Project have been paid, the Depository Bank shall transfer any moneys remaining in the Series 2001 Bonds Construction Trust Fund to the Series 2001 Bonds Reserve Account, provided that, in no event shall more than 10% of the proceeds from the sale of the Series 2001 Bonds be deposited in the Series 2001 Bonds Reserve Account, and when such Reserve Account is fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payment due on the Series 2001 Bonds and thereafter to the next ensuing principal payment due thereon. The Issuer shall expend all proceeds of the Series 2001 Bonds within 3 years of the date of issuance of the Authority's Bonds, the proceeds of which were used to make the loans 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 2001 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 2001 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 2001 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2001 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 2001 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2001 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 2001 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Series 2001 Notes are not secured by the assets of the System or the Net Revenues thereof and are junior and subordinate to the First Lien Bonds and the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2001 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 Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Commission Order of the Public Service Commission of West Virginia entered September 12, 2001, in Case No. 01-0009-PWD-CN and such rates are hereby adopted.

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

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions and with the written consent of the Authority. Additionally, so long as the Series 2001 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2001 Bonds, immediately be remitted to the Commission for deposit in the Series 2001 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2001 Bonds. Any balance remaining after the payment of the Series 2001 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation

thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be deposited in the Renewal and Replacement Fund. Such 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, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2001 Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 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 2001 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 2001 Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 2001 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be

applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2001 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions) and with the prior written consent of the Authority.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding the Series 2001 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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 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 2001 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2001 Bonds.

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

Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of the Parity Bonds.

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, or its agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the

operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

The Issuer shall file with the Authority, or any other original purchaser of the Series 2001 Bonds, and shall mail in each year to any Holder or Holders of the Series 2001 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make

available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2001 Bonds, and shall submit said report to the Authority, or any other original purchaser of the Series 2001 Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to 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 and hereafter acquired shall at all times be and remain the property of the Issuer.

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

Section 7.09. Rates. Prior to the issuance of the Series 2001 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 said 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 amount payable in such year for payment of principal of and interest on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2001 Bonds, including the Prior Bonds; provided that, so long as the Series 1993 A Bonds and the Series 1994 Bonds are no longer outstanding, and in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Series 2001 Bonds Reserve Account and any reserve accounts for obligations on a parity with or junior to the

Series 2001 Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2001 Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate order described in Section 7.04 hereof.

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer shall 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 shall diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 7.14. No Free Services. The Issuer shall not render or cause to be rendered any free services of any nature by the System, nor shall any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or

charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

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

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to

be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

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

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

Section 7.17. Completion 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 acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction

of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2001 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2001 Bonds during the term thereof is, under the terms of the Series 2001 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2001 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2001 Bonds during the term thereof is, under the terms of the Series 2001 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2001 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2001 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2001 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2001 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer shall timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2001 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2001 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2001 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2001 Bonds, and shall be on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Act, the Loan Agreement and all applicable laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2001 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 Authority for written approval. The Issuer shall obtain the written approval of the Authority before expending any proceeds of the Series 2001 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 Authority before expending any proceeds of the Series 2001 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this 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 except as otherwise provided herein with respect to the Rebate Fund. 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 2001 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2001 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2001 Bonds which would cause the Series 2001 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing

of a federal information return with respect to the Series 2001 Bonds) so that the interest on the Series 2001 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2001 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2001 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in

accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2001 Bonds from gross income for federal income tax purposes.

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

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2001 Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2001 Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2001 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2001 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 2001 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

(4) If the Issuer defaults on the Prior Bonds or the Prior Resolutions.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners, provided that, all rights and remedies of the Holders of the Series 2001 Bonds shall be on a parity with the Holders of the First Lien Bonds and senior and prior to the Holders of the Second Lien Bonds.

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

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

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2001 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2001 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2001 Bonds from gross income for federal income tax purposes.

Series 2001 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Commission at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 2001 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2001 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 2001 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 2001 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2001 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2001 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2001 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered 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 on the Series 2001 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2001 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 2001 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Resolutions, all orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation within the boundaries of the Berkeley County Public Service District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2001 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2001 Bonds authorized hereby;

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

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

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

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

Adopted this 15th day of October, 2001.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of BERKELEY COUNTY PUBLIC SERVICE DISTRICT on the 15th day of October, 2001,

Dated: October 25, 2001.

[SEAL]

Secretary

10/20/01
067740/00004

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Board (the "Board") of Berkeley County Public Service District (the "Issuer") has duly and officially adopted a bond resolution on October 15, 2001 (the "Bond Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $4,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN 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, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein;

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2001 (West Virginia Water Development Authority), of the Issuer, in one or more series, in an aggregate principal amount not to exceed $4,400,000 and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A and Chapter 22 C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer previously adopted a supplemental resolution on October 15, 2001 authorizing a bond issue in a larger amount for a project which included the South Berkeley Water Line Extension contract;

WHEREAS, the Issuer has determined that the South Berkeley Water Line Extension contract is not ready to proceed to construction and, in order to take advantage of the favorable bids received for the other contracts to be financed with the proceeds of the Bonds, the Public Service Board should adopt this Supplemental Resolution rendering null and void the supplemental resolution adopted on October 15, 2001 and approving a smaller bond issue in an amount and with such terms as set forth herein;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

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

WHEREAS, the Board deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price 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 PUBLIC SERVICE BOARD OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), of the Issuer (the "Bonds" or the "Series 2001 A Bonds"), originally represented by a single Bond, numbered AR-1, in the principal amount of $2,010,000. The Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2039, and shall bear interest at the rate of 5.8% per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 2002. The Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 2002, and maturing October 1, 2039, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium and otherwise in compliance with the Loan Agreement, as 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 Bond Resolution. The supplemental resolution adopted by the Public Service Board of the Issuer on October 15, 2001 is hereby rendered null and void and this Supplemental Resolution shall, in all manner, take the place of and substitute for such document.

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

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

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

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

Section 7. Series 2001 A Bonds proceeds in the amount of $65,000 shall be deposited in the Series 2001 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2001 A Bonds proceeds in the amount of $132,082 shall be deposited in the Series 2001 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2001 A Bonds shall be deposited in the Series 2001 A Bonds Construction Trust Fund for payment of Costs of the Project, including, without limitation, costs of issuance of the Series 2001 A Bonds and related costs.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about October 25, 2001.

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

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or in time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements and/or time accounts, until further directed by the Issuer. Moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and

permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 14. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

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

Adopted this 22nd day of October, 2001.

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of BERKELEY COUNTY PUBLIC SERVICE DISTRICT on the 22nd day of October, 2001.

Dated: October 25, 2001.

[SEAL]

Secretary

10/22/01
067740.00004

WDA-LP II
(10/3/01)

RECEIVED
OCT 19 2001
BERKELEY COUNTY PSD
OPEQUON DIVISION

LOAN AGREEMENT

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

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the

Protection Agency (the "EPA"), shall permit the BPH, the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

(iv) That, except as otherwise required by State law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

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

(vii) That the Governmental Agency will not render any free services of the System;

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

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

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

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

(xix) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

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

employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

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

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

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

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

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

6.3 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority shall have the right to cancel all or any of its obligations under this

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, ____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, ____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing _____ 1, ____, at the rate of __% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, ____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

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

EXHIBIT C

[Form of Monthly Financial Report]
[Name of Governmental Agency]
[Name of Bond Issue]
Fiscal Year - ___
Report Month: _____

ITEM	CURRENT MONTH	TOTAL YEAR TO DATE	BUDGET YEAR TO DATE	BUDGET YEAR MINUS YEAR TO DATE
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				

Witnesseth my signature this __ day of _____, _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

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)

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

There are outstanding obligations of the Issuer (including those assumed from Hedgesville and Opequon, hereinafter collectively, the "Prior Bonds") which are designated and have the lien positions with respect to the Net Revenues of the merged waterworks system of the Issuer as follows:

Designation	Lien Position
(1) Water Refunding Revenue Bonds, Series 1993 A (the "Series 1993 A Bonds"), dated March 24, 1993, and issued in the aggregate principal amount of $3,350,000;	First Lien
(2) Water Revenue Bonds, Series 1993 B (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 A) (the "Series 1993 B Bonds") dated March 8, 1993, and issued in the aggregate principal amount of $528,871;	First Lien
(3) Water Revenue Bonds, Series 1993 C (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 B) (the "Series 1993 C Bonds") dated March 8, 1993, and issued in the aggregate principal amount of $17,629;	Second Lien
(4) Water Revenue Bonds, Series 1993 D (formerly Opequon Public Service District Water Revenue Bonds, Series 1993) (the "Series 1993 D Bonds") dated July 29, 1993, and issued in the aggregate principal amount of $10,257,957;	First Lien
(5) Water Revenue Bonds, Series 1994 (the "Series 1994 Bonds") dated September 1, 1994, and issued in the aggregate principal amount of $2,275,000;	First Lien

CH479862.1

Berkeley County Public Service District (West Virginia)

WDA Loan (Loan Program II, 1999 Series A) of $2,010,000
5.8% Interest Rate
Closing Date: October 25, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2002	-	-	50,518.00	50,518.00
10/01/2002	15,502.00	5.800%	58,290.00	73,792.00
4/01/2003	-	-	57,840.44	57,840.44
10/01/2003	16,401.00	5.800%	57,840.44	74,241.44
4/01/2004	-	-	57,364.81	57,364.81
10/01/2004	17,352.00	5.800%	57,364.81	74,716.81
4/01/2005	-	-	56,861.61	56,861.61
10/01/2005	18,359.00	5.800%	56,861.61	75,220.61
4/01/2006	-	-	56,329.19	56,329.19
10/01/2006	19,424.00	5.800%	56,329.19	75,753.19
4/01/2007	-	-	55,765.90	55,765.90
10/01/2007	20,550.00	5.800%	55,765.90	76,315.90
4/01/2008	-	-	55,169.95	55,169.95
10/01/2008	21,742.00	5.800%	55,169.95	76,911.95
4/01/2009	-	-	54,539.43	54,539.43
10/01/2009	23,003.00	5.800%	54,539.43	77,542.43
4/01/2010	-	-	53,872.34	53,872.34
10/01/2010	24,337.00	5.800%	53,872.34	78,209.34
4/01/2011	-	-	53,166.57	53,166.57
10/01/2011	25,749.00	5.800%	53,166.57	78,915.57
4/01/2012	-	-	52,419.85	52,419.85
10/01/2012	27,242.00	5.800%	52,419.85	79,661.85
4/01/2013	-	-	51,629.83	51,629.83
10/01/2013	28,823.00	5.800%	51,629.83	80,452.83
4/01/2014	-	-	50,793.96	50,793.96
10/01/2014	30,494.00	5.800%	50,793.96	81,287.96
4/01/2015	-	-	49,909.64	49,909.64
10/01/2015	32,263.00	5.800%	49,909.64	82,172.64
4/01/2016	-	-	48,974.01	48,974.01
10/01/2016	34,134.00	5.800%	48,974.01	83,108.01
4/01/2017	-	-	47,984.13	47,984.13
10/01/2017	36,114.00	5.800%	47,984.13	84,098.13
4/01/2018	-	-	46,936.82	46,936.82
10/01/2018	38,208.00	5.800%	46,936.82	85,144.82
4/01/2019	-	-	45,828.79	45,828.79
10/01/2019	40,425.00	5.800%	45,828.79	86,253.79
4/01/2020	-	-	44,656.46	44,656.46
10/01/2020	42,769.00	5.800%	44,656.46	87,425.46
4/01/2021	-	-	43,416.16	43,416.16
10/01/2021	45,250.00	5.800%	43,416.16	88,666.16
4/01/2022	-	-	42,103.91	42,103.91
10/01/2022	47,874.00	5.800%	42,103.91	89,977.91
4/01/2023	-	-	40,715.57	40,715.57
10/01/2023	50,651.00	5.800%	40,715.57	91,366.57
4/01/2024	-	-	39,246.69	39,246.69
10/01/2024	53,589.00	5.800%	39,246.69	92,835.69
4/01/2025	-	-	37,692.61	37,692.61
10/01/2025	56,697.00	5.800%	37,692.61	94,389.61
4/01/2026	-	-	36,048.39	36,048.39
10/01/2026	59,985.00	5.800%	36,048.39	96,033.39

SCHEDULE Z

None.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 2nd day of October, 2001.

CASE NO. 01-0009-PWD-CN

BERKELEY COUNTY PUBLIC SERVICE DISTRICT, a public utility.

Application for a certificate of convenience and necessity for the construction, operation and maintenance of a new 30,000 gallon water tank in the Glenwood Forrest community, 32,500 linear feet of 8" water line and 2,000 linear feet of 6" water line in the southern portion of its water distribution system and improvements to its Bunker Hill Water Treatment Plant and LeFevre Spring Source in Berkeley County.

COMMISSION ORDER

This is before the Commission on the Berkeley County Public Service District's (District's) request that the Recommended Decision entered on September 12, 2001, be amended with regard to the funding package the District anticipated using to fund its project. The Recommended Decision, among other things, approved of a funding package consisting of a public issuance of water revenue bonds in an amount not to exceed $4,440,000 with a final maturity not to exceed 25 years at an interest rate not to exceed 5.35 percent. However, since the Recommended Decision was entered, the District

$4,440,000, for a term of 40 years with an interest rate not to exceed 5.8%. District's letter filed September 28, 2001.

CONCLUSION OF LAW

The Commission concludes it is reasonable to grant the District's request to modify the September 12, 2001, Recommended Decision, provided that the District file the funding commitment letter as soon as possible.

ORDER

IT IS, THEREFORE, ORDERED that the Berkeley County Public Service District's request to modify the Recommended Decision entered on September 12, 2001, to reflect the change in the District's funding of the project is granted. Accordingly, the language in the Recommended Decision which authorizes the District to fund the project through the issuance of water revenue bonds in an amount of $4,440,000 for a term not to exceed 25 years, at an interest rate not to exceed 5.35% is to be modified to reflect the District's new proposal to fund the project which is described in more detail above and below.

Public Service Commission
of West Virginia

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

LJA/ljm
010009c.wpd

010009alj091201.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: September 12, 2001

FINAL
10-2-01
by Commission Order
modifying and
adopting

CASE NO. 01-0009-PWD-CN

BERKELEY COUNTY PUBLIC SERVICE DISTRICT,
a public utility.
Application for a certificate of convenience and necessity for the construction, operation and maintenance of a new 30,000 gallon water tank in the Glenwood Forest community, 32,500 linear feet of 8" water line and 2,000 linear feet of 6" water line in the southern portion of its water distribution system and improvements to its Bunker Hill Water Treatment Plant and LeFevre Spring Source in Berkeley County.

RECOMMENDED DECISION

On March 30, 2001, Berkeley County Public Service District (District of Applicant) filed a duly verified application for the construction, operation and maintenance of a new 30,000 gallon water tank in the Glenwood Forest community, 32,500 linear feet of 8-inch waterline and 2,000 linear feet of 6-inch waterline in the southern portion of its water distribution system and for improvements to its Bunker Hill Water Treatment Plant and LeFevre Spring source in Berkeley County, West Virginia. The total cost of these combined projects was estimated not to exceed $5,000,000. This cost will be financed by the issuance of Water Revenue Bonds in an amount not to exceed $5,000,000, at an interest rate not to exceed 7% for a term of 40 years or less. The District has also sought approval of interim construction period financing in an amount not to exceed $1,500,000, at an interest rate not to exceed 10% for a term of 2 years or less.

This application was prefiled with the Commission on January 4, 2001, pursuant to West Virginia Code §16-13A-25. The prefiling contained a duly executed Certificate of Publication demonstrating publication for public legal notice of a Notice of Filing (sic) concerning this prefiled application on December 14 and 21, 2000, in The Journal, a newspaper duly qualified by the Secretary of State, published and of general circulation in Berkeley County, West Virginia.

The Berkeley County Public Service District is also seeking approval of increased rates and charges in order to support this construction project and on-going operations. The District's current and proposed rates contained in the application are as follows:

MINIMUM CHARGES

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

5/8 inch meter	$ 11.18/month	$ 13.32/month
1 inch meter	$ 27.96/month	$ 33.30/month
1-1/2 inch meter	$ 55.91/month	$ 66.60/month
2 inch meter	$ 89.46/month	$ 106.56/month
3 inch meter	$ 167.74/month	$ 199.80/month
4 inch meter	$ 279.56/month	$ 333.00/month
6 inch meter	$ 559.13/month	$ 666.00/month
8 inch meter	$ 894.60/month	$1,065.60/month

On March 30, 2001, the Public Service Commission entered a formal Notice of Filing in this matter which required the Applicant to provide public legal notice of the filing of this application by publishing a copy of said Notice of Filing once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Berkeley County, West Virginia, and to make due return of proof of said publication to the Commission. The Notice of Filing contained the proposed rates recommended and approved by Commission Staff (set out above) and made provision for the filing of protests or objections to the application within thirty (30) days after publication. In the absence of protest or objection, the Commission gave notice that it might waive a formal hearing in this matter and grant the application based upon the evidence submitted therewith and its review thereof.

By a Commission Referral Order entered April 13, 2001, a mistyped date was corrected in the original Notice of Filing and this matter was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of October 26, 2001.

On May 22, 2001, the District's accountants filed revised financial information concerning this application, including revised proposed rates. The revised "Going-Level Rates" apparently correspond to the "Phase I Interim Rates" as designated in the Commission's formal Notice of Filing entered March 30, 2001. The revised "Proposed Rates" apparently correspond to the Commission's designation of "Phase II Rates (after completion of project)." The revised rates filed by the District's accountants on May 22, 2001, were greater than the rates contained in the Notice of Filing entered on March 30, 2001.

On May 23, 2001, Commission Staff filed a Further Joint Staff Memorandum in this matter. Staff observed that the Commission's Notice of Filing contained Staff's recommended and approved rates, obtained from the Final Joint Staff Memorandum filed on March 30, 2001, rather than the District's original proposed rates. The District had not published the Notice of Filing and was waiting on a "corrective order." Consequently, Staff recommended that an order be entered directing the publication of an amended Notice of Filing containing the District's proposed rates.

By a Procedural Order entered May 30, 2001, the Applicant was required to cause to be published a revised Notice of Filing, attached to said Procedural Order, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Berkeley County, West Virginia, and to make due return to the Commission of proper

Public Service Commission
of West Virginia
Charleston

(a) The project and rate increase should take into account the former BCPSD's territorial service area and operations alone. The project and rate increase should not be considered in the context of the county-wide water service merger.

(b) The BCPSD has been contractually liable to the City of Martinsburg ("City") for allocated capacity costs and for the purchase of water since October 2000 under a Water Purchase Agreement between the BCPSD and the City.

(c) Part of the project includes BCPSD's share of the cost of constructing a water service system for the residents of the Blairton community. Construction of these lines is almost complete and residents will be receiving service shortly. BCPSD was ordered to undertake this project, which, at the time, was outside its franchise area, by the Berkeley County Commission and the Public Service Commission.

(d) A two-step rate increase requires the issuance of additional debt to cover construction period interest costs that otherwise could be paid from operating revenues that would be generated from a one-step, up-front rate increase, as set forth above. This unnecessary additional debt would be passed along to the customers in the form of higher rates.

(e) When including the payment of the construction period interest as part of cash flow, the BCPSD would be close to its required debt service coverage percentage and may not meet its coverage requirement if unexpected operating and maintenance costs occur during construction.

(f) A one-step, up-front rate increase would more quickly bring about the process of equalizing the three consolidated territorial rates in Berkeley County.

Lastly, the District argued that there is precedent for implementation of the rate increase at bond closing rather than the two phase approach. In the District's last certificate case, the Final Order, entered June 29, 1994, specifically authorized that the increased rates be effective in the first billing cycle after the issuance of the water revenue bonds.

As of the date of this Recommended Decision, Staff has not responded to the District's filing of August 14, 2001.

DISCUSSION

As described in the application filed herein and detailed by Commission Staff, the project contemplated by this filing will include the following:

Pursuant to its investigation and review in this matter, the Commission's financial Staff has recommended an immediate 11% increase in rates to cover the increased cost of purchased water as well as certain arrearages to the City of Martinsburg. Staff believes an increase of this amount will provide sufficient interim operating revenues and debt service coverage of 118.46% on existing bonds. However, when the District's contemplated construction is substantially complete, Staff recommends that the District be authorized to implement an additional 19% increase. Staff states that the revised project cost is reasonable and will be financed through the issuance and sale of water revenue bonds bearing interest at the current rate of 5.26% for an actual term of 25 years. The second rate increase is required to service the debt to be incurred for this project as well as increased operation and maintenance expense of the expanded system.

Staff has concluded that this project is also convenient, in that it is economically feasible and will not unreasonably burden the District's customers. Staff recommended approval of its "step rate" or interim tariff to become effective on and after the date this Recommended Decision becomes a final order of the Commission, and approval of its permanent on-going rates for all service rendered on and after the date this proposed construction project is certified as substantially complete. Staff also recommended approval of the District's proposed revised financing package as well.

The District has not objected to Staff's general recommendation on this project, but has requested that the full rate increase required by this worthwhile and necessary construction project be implemented as a one time rate adjustment at the time of the bond closing and not be divided into two phases, as initially recommended by Commission Staff. The District states that this will result in an overall savings of approximately one million dollars in capitalized interest expense, and a significantly lower permanent or on-going rate. The District also supports its request with numerous secondary arguments, including the current contractual obligation to the City of Martinsburg for allocated capacity costs, and the nearly completed Blairton community extension, all of which are reasonable. Commission Staff has done its normally proficient job of designing and financially justifying its proposed two phase rate structure, but has not addressed the alternative proposal and supplemental arguments of the District for its preferred single rate increase. The District was authorized to implement its last construction related rate increase at the time of bond closing rather than at the time of completion of the project without any apparent problems. While capitalized interest expense is a necessary and useful component of many utility construction budgets, it makes sense to avoid such expense where it is convenient and reasonable to do so. The overall reduction in construction costs and the resulting effect on rates justify its elimination from this project. The District's request for implementation of a single rate increase at the time of bond closing will be granted. To insure that the implementation of this rate increase at bond closing will not result in the over-recovery of revenue, the District will be required to file for a general review of its rate structure twenty-four (24) months after this rate increase goes into effect. The construction approved herein should be well completed by that time and the District's revenues stabilized.

5. On June 18, 2001, one letter of protest was filed in this matter. Mr. Gerhard J. Amt recognized that the District had not had a rate increase for over five years, but protested the magnitude of this increase when fully implemented. He stated that this increase will be a major burden to low and moderate income households, as well as retirees on fixed income. This protest letter did not protest the project which is the subject of this proceeding. (See, Letter of Protest filed June 18, 2001).

6. On June 22, 2001, Staff filed a Further Joint Staff Memorandum in this matter, which contained revised project costs and capital improvement amounts. Staff also reaffirmed its recommendation of approval of this project. (See, Further Final Joint Staff Memorandum filed June 22, 2001).

7. On August 14, 2001, the Applicant filed, by telefacsimile, a letter in response to the Further Joint Staff Memorandum filed on June 22, 2001. The District renewed its request that the full rate increase, required by this construction project, be implemented at the time of the bond closing and not be divided into two phases, as initially recommended by Commission Staff. (See, Letter and Exhibits filed August 14, 2001).

8. The Commission's Engineering Staff has reviewed the project design drawings, preliminary and final engineering reports, technical specifications and contract documents and determined these documents to be in general conformance with the Commission's rules, regulations and practices concerning these matters. (See, Final Joint Staff Memorandum filed June 15, 2001).

9. On September 15, 2000, the District was issued a West Virginia Office of Environmental Health Service Permit No. 14,630 for this project. (See, Application filed March 30, 2001).

10. Staff states that this project is necessary, because it will improve and preserve the over-all reliability of service and quality of water being provided to existing customers and to proposed new customers to be added as a result of this project. (See, Final Joint Staff Memorandum filed June 15, 2001).

11. Staff states that this proposed project is convenient in that it is economically feasible and does not financially burden the District's customers. (See, Final Joint Staff Memorandum filed June 15, 2001).

12. The District has proposed a revised funding package consisting of the issuance of Water Revenue Bonds in the amount of $4,440,000 for a term of twenty-five (25) years and an interest rate not to exceed 5.35%. Commission Staff has recommended approval of this funding package. (See, Letter and Exhibit filed May 22, 2001; Final Joint Staff Memorandum filed June 15, 2001).

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

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

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

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

Thomas N. Trent
Administrative Law Judge

TNT:jas
010009aa.wpd

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

CASE NO. 01-0009-PWD-CN

APPROVED RATES

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

First	3,000 gals used per month	$4.44 per 1,000 gallons
Next	2,000 gals used per month	$4.13 per 1,000 gallons
Next	5,000 gals used per month	$3.78 per 1,000 gallons
Next	90,000 gals used per month	$3.23 per 1,000 gallons
Over	100,000 gals used per month	$1.64 per 1,000 gallons

MINIMUM CHARGES

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

5/8 inch meter	$ 13.31 per month
1 inch meter	$ 33.29 per month
1-1/2 inch meter	$ 66.56 per month
2 inch meter	$ 106.50 per month
3 inch meter	$ 199.69 per month
4 inch meter	$ 332.81 per month
6 inch meter	$ 665.63 per month
8 inch meter	$1,065.00 per month

FIRE HYDRANTS

Annual rental of $50.00 per hydrant, payable in twelve monthly installments.

Sprinkler heads, $0.25 each, payable annually.

Hose connection, for fire use only, payable annually:

1 inch openings, each	$10.00
1-1/4 inch openings, each	$15.63
1-1/2 inch openings, each	$22.50

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, a ten percent (10%) charge shall be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

West Virginia Infrastructure & Jobs Development Counc

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Dwight Calhoun
Petersburg
William P. Stafford, II, Esq.
Princeton

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

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

September 5, 2001

Mr. Greg Music, Interim Executive Director
Berkeley County Public Service District
P.O. Box 389
Bunker Hill, WV 25413

Re: Berkeley County Public Service District
Water Project 2001W-639

Dear Mr. Music:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Berkeley County Public Service District's (the "District") preliminary application regarding its proposed project to construct a new water tank, water line and improve the Bunker Hill water treatment plant and LeFevre Spring source (the "Project").

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

Upon consideration of the preliminary application, the Infrastructure Council recommends that the District pursue a $4,440,000 Water Development Authority loan to finance this Project. Please contact the Water Development Authority at 558-3612 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

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

Sincerely,

Russell L. Isaacs

Enclosure
cc: Walt Ivey, P.E., DWTRF (w/o enclosure)
Region IX Planning & Development Council
Jeff Chapin, Dewberry & Davis LLC
Bernie Yonkosky, WDA (w/o enclosure)

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On the 25th day of October, 2001, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Berkeley County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Berkeley County Public Service District Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), issued in the original aggregate principal amount of $2,010,000, as a single, fully registered Bond, numbered AR-1 and dated October 25, 2001 (the "Bonds").

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the sum of $2,010,000, being the entire principal amount of the Bonds (100% of par value), there being no interest accrued thereon.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Director

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

09/19/01
067440/00004

CH467471.1

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BOND

Branch Banking and Trust Company,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 25th day of October, 2001:

(1) Bond No. AR-1, constituting the entire original issue of the Berkeley County Public Service District Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), in the original aggregate principal amount of $2,010,000, dated October 25, 2001, (the "Bonds"), executed by the Chairman and Secretary of Berkeley County Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on October 15, 2001, and a Supplemental Resolution duly adopted by the Issuer on October 22, 2001 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a loan agreement for the Bonds dated October 25, 2001, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of $2,010,000, representing the agreed purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first above written.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

09/18/01
067740/00004

CH467497.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2001 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $2,010,000

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO MILLION TEN THOUSAND DOLLARS ($2,010,000), in annual installments on October 1 of each year, commencing October 1, 2002, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on this Bond shall be payable semiannually on April 1 and October 1 of each year, commencing April 1, 2002, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated October 25, 2001.

This Bond is issued (i) to pay the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) to pay capitalized interest on this Bond for a period of six (6) months; (iii) to fund a reserve account for this Bond; and (iv) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly

Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on October 15, 2001, and a Supplemental Resolution duly adopted by the Issuer on October 22, 2001 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REFUNDING REVENUE BONDS, SERIES 1993 A, (2) WATER REVENUE BONDS, SERIES 1993 B, (3) WATER REVENUE BONDS, SERIES 1993 D, (4) WATER REVENUE BONDS, SERIES 1994, (5) WATER REVENUE BONDS, SERIES 1996, AND (6) WATER REVENUE BONDS, SERIES 1997 (COLLECTIVELY, THE "FIRST LIEN BONDS") AND SENIOR AND PRIOR TO THE ISSUER'S WATER REVENUE BONDS, SERIES 1993 C (THE "SECOND LIEN BONDS," AND 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 operation of the System, on parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and senior and prior to the Second Lien Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2001 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as the Series 1993 A Bonds and the Series 1994 Bonds are no longer outstanding and there exists in the Series 2001 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such 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 in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated October 25, 2001.

[SEAL]

By: _____
Its: Chairman

SPECIMEN

ATTEST:

By: _____
Its: Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 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: October 25, 2001.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

By: _____
Its: Authorized Officer

SPECIMEN

EXHIBIT A

Berkeley County Public Service District (West Virginia)

WDA Loan (Loan Program II, 1999 Series A) of $2,010,000
5.8% Interest Rate
Closing Date: October 25, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2002	-	-	50,518.00	50,518.00
10/01/2002	15,502.00	5.800%	58,290.00	73,792.00
4/01/2003	-	-	57,840.44	57,840.44
10/01/2003	16,401.00	5.800%	57,840.44	74,241.44
4/01/2004	-	-	57,364.81	57,364.81
10/01/2004	17,352.00	5.800%	57,364.81	74,716.81
4/01/2005	-	-	56,861.61	56,861.61
10/01/2005	18,359.00	5.800%	56,861.61	75,220.61
4/01/2006	-	-	56,329.19	56,329.19
10/01/2006	19,424.00	5.800%	56,329.19	75,753.19
4/01/2007	-	-	55,765.90	55,765.90
10/01/2007	20,550.00	5.800%	55,765.90	76,315.90
4/01/2008	-	-	55,169.95	55,169.95
10/01/2008	21,742.00	5.800%	55,169.95	76,911.95
4/01/2009	-	-	54,539.43	54,539.43
10/01/2009	23,003.00	5.800%	54,539.43	77,542.43
4/01/2010	-	-	53,872.34	53,872.34
10/01/2010	24,337.00	5.800%	53,872.34	78,209.34
4/01/2011	-	-	53,166.57	53,166.57
10/01/2011	25,749.00	5.800%	53,166.57	78,915.57
4/01/2012	-	-	52,419.85	52,419.85
10/01/2012	27,242.00	5.800%	52,419.85	79,661.85
4/01/2013	-	-	51,629.83	51,629.83
10/01/2013	28,823.00	5.800%	51,629.83	80,452.83
4/01/2014	-	-	50,793.96	50,793.96
10/01/2014	30,494.00	5.800%	50,793.96	81,287.96
4/01/2015	-	-	49,909.64	49,909.64
10/01/2015	32,263.00	5.800%	49,909.64	82,172.64
4/01/2016	-	-	48,974.01	48,974.01
10/01/2016	34,134.00	5.800%	48,974.01	83,108.01
4/01/2017	-	-	47,984.13	47,984.13
10/01/2017	36,114.00	5.800%	47,984.13	84,098.13
4/01/2018	-	-	46,936.82	46,936.82
10/01/2018	38,208.00	5.800%	46,936.82	85,144.82
4/01/2019	-	-	45,828.79	45,828.79
10/01/2019	40,425.00	5.800%	45,828.79	86,253.79
4/01/2020	-	-	44,656.46	44,656.46
10/01/2020	42,769.00	5.800%	44,656.46	87,425.46
4/01/2021	-	-	43,416.16	43,416.16
10/01/2021	45,250.00	5.800%	43,416.16	88,666.16
4/01/2022	-	-	42,103.91	42,103.91
10/01/2022	47,874.00	5.800%	42,103.91	89,977.91
4/01/2023	-	-	40,715.57	40,715.57
10/01/2023	50,651.00	5.800%	40,715.57	91,366.57
4/01/2024	-	-	39,246.69	39,246.69
10/01/2024	53,589.00	5.800%	39,246.69	92,835.69
4/01/2025	-	-	37,692.61	37,692.61
10/01/2025	56,697.00	5.800%	37,692.61	94,389.61
4/01/2026	-	-	36,048.39	36,048.39
10/01/2026	59,985.00	5.800%	36,048.39	96,033.39

Berkeley County Public Service District (West Virginia)

WDA Loan (Loan Program II, 1999 Series A) of $2,010,000
5.8% Interest Rate
Closing Date: October 25, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2027	-	-	34,308.83	34,308.83
10/01/2027	63,464.00	5.800%	34,308.83	97,772.83
4/01/2028	-	-	32,468.37	32,468.37
10/01/2028	67,145.00	5.800%	32,468.37	99,613.37
4/01/2029	-	-	30,521.17	30,521.17
10/01/2029	71,040.00	5.800%	30,521.17	101,561.17
4/01/2030	-	-	28,461.01	28,461.01
10/01/2030	75,160.00	5.800%	28,461.01	103,621.01
4/01/2031	-	-	26,281.37	26,281.37
10/01/2031	79,519.00	5.800%	26,281.37	105,800.37
4/01/2032	-	-	23,975.32	23,975.32
10/01/2032	84,132.00	5.800%	23,975.32	108,107.32
4/01/2033	-	-	21,535.49	21,535.49
10/01/2033	89,011.00	5.800%	21,535.49	110,546.49
4/01/2034	-	-	18,954.17	18,954.17
10/01/2034	94,174.00	5.800%	18,954.17	113,128.17
4/01/2035	-	-	16,223.12	16,223.12
10/01/2035	99,636.00	5.800%	16,223.12	115,859.12
4/01/2036	-	-	13,333.68	13,333.68
10/01/2036	105,415.00	5.800%	13,333.68	118,748.68
4/01/2037	-	-	10,276.64	10,276.64
10/01/2037	111,529.00	5.800%	10,276.64	121,805.64
4/01/2038	-	-	7,042.30	7,042.30
10/01/2038	117,997.00	5.800%	7,042.30	125,039.30
4/01/2039	-	-	3,620.39	3,620.39
10/01/2039	124,841.00	5.800%	3,620.39	128,461.39
Total	**2,010,000.00**	**-**	**3,001,345.84**	**5,011,345.84**

YIELD STATISTICS

Bond Year Dollars	$51,747.34
Average Life	25.745 Years
Average Coupon	5.8000001%
Net Interest Cost (NIC)	5.8000001%
True Interest Cost (TIC)	5.8003746%
Bond Yield for Arbitrage Purposes	5.8003746%
All Inclusive Cost (AIC)	5.8003746%

IRS FORM 8038

Net Interest Cost	5.8000001%
Weighted Average Maturity	25.745 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

10/20/01
067740/00004

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
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October 25, 2001

Berkeley County Public Service District
Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Berkeley County Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $2,010,000 Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated October 25, 2001, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing April 1, 2002, at the rate of 5.8% per annum, and with principal installments payable annually on October 1 of each year, commencing October 1, 2002, and maturing October 1, 2039, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) paying capitalized interest on the Bonds for a period of six (6) months; (iii) funding a reserve account for the Bonds; and (iv) paying certain costs of issuance and related costs.

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We have also examined the applicable provisions of the Act and the Bond Resolution duly adopted by the Issuer on October 15, 2001, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 22, 2001 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

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

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Refunding Revenue Bonds, Series 1993 A, Water Revenue Bonds, Series 1993 B, Water Revenue Bonds, Series 1993 D, Water Revenue Bonds, Series 1994, Water Revenue Bonds, Series 1996, and Water Revenue Bonds, Series 1997 (the "First Lien Bonds") and senior and prior to the Issuer's Water Revenue Bonds, Series 1993 C (the "Second Lien Bonds," and collectively, the "Prior Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax

preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest on the Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement, the Bond Legislation and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

Steptoe & Johnson PLLC

STEPTOE & JOHNSON PLLC

10/22/01
067440/00004

CH467505.3

MARTIN & SEIBERT, L.C.

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October 25, 2001

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

We are counsel to Berkeley County Public Service District, a public service district, in Berkeley County, West Virginia (the "Issuer"). As such counsel, we have examined a copy of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement dated October 25, 2001, including all schedules and exhibits attached thereto, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on October 15, 2001, as supplemented by the Supplemental Resolution duly adopted by the Issuer on October 22, 2001 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Berkeley County, West Virginia, relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

Based upon the foregoing, we are of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.

2. The Loan Agreement has 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.

3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Bond Legislation has been duly adopted by the Issuer 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 Bond Legislation, 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 agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound, or any existing law, regulation, rule, order or decree to which the Issuer is subject.

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, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Berkeley County, West Virginia, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Orders of the Public Service Commission of West Virginia entered September 12, 2001, and October 2, 2001, in Case No. 01-0009-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project and the rates of the System. The time for appeal of such September 12, 2001 Orders has expired prior to the date hereof. The time for appeal of the October 2, 2001 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, intervenor or other person not a party to such Order.

7. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

8. To the best of our knowledge, there is no 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 Bond Legislation, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge

of the Net Revenues therefor.

9. Prior to the execution of construction contracts by the Issuer, we will verify that all successful bidders have made required provisions for all insurance and payment and performance bonds and will verify such insurance policies or binders and such bonds for accuracy. Prior to the execution of construction contracts by the Issuer, we will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verify that such surety bonds and policies (1) are in compliance with the contracts: (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

The opinions expressed herein are limited to the federal law of the United States and the laws of the State of West Virginia. We offer no opinion at this time as to any matter related to right-of-way acquisition or eminent domain proceeding concerning the South Berkeley Water Line Extensions Project.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them; however, this opinion letter may not be relied upon by, or furnished to, any other person without our prior written consent.

Very truly yours,

MARTIN & SEIBERT, L.C.

BY: _____
Clarence E. Martin, III, Esquire

BY: _____
Charles A. Sinsel, III, Esquire

CEM:ar

MARTIN & SEIBERT, L.C.

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October 25, 2001

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25301

RE: Berkeley County Public Service District

Ladies and Gentlemen:

This firm represents Berkeley County Public Service District (the "Issuer") with regard to proposed projects known as the Bunker Hill Water Treatment Plant Improvements Project and the Glenwood Forest Upper Water Tank Replacement Project (the "Projects"), and provides this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Water Development Authority (the "Authority") for the Projects. Please be advised of the following:

1. We are of the opinion that the Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Projects as approved by the Bureau for Public Health.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Projects.

3. We have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Projects as set forth in the plans for the Projects prepared by Dewberry & Davis, the consulting engineers for the Projects.

4. We have examined the records on file in the Office of the Clerk of the County Commission of Berkeley County, West Virginia, the County in which the Projects are to be located, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Projects, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Projects.

5 All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Berkeley County, West Virginia to protect the legal title to and interest of the Issuer.

Should you have any questions regarding any of the information contained in this final title opinion, or need anything further, please do not hesitate to advise me.

Sincerely,

MARTIN & SEIBERT, L.C.

By: _____
Charles A. Sinsel, III, Esquire

By: _____
Clarence E. Martin, III, Esquire

CAS/adc

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDERS
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. SPECIMEN BOND
20. CONFLICT OF INTEREST
21. WEST VIRGINIA JOBS ACT
22. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Berkeley County Public Service District in Berkeley County, West Virginia (the "Issuer"), and the undersigned Counsel to the Issuer, hereby certify in connection with the $2,010,000 Berkeley County Public Service District Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated the date hereof (the "Bonds" or the "Series 2001 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Issuer duly adopted October 15, 2001, and a Supplemental Resolution of the Issuer duly adopted October 22, 2001 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Grant proceeds, if any, or the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants, if any, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Grant proceeds, if any, the collection of the Gross Revenues or the pledge of Net Revenues for payment of the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2001 A Bonds as to liens, pledge and source of and security for payment, being the Water Refunding Revenue Bonds, Series 1993 A, the Water Revenue Bonds, Series 1993 B, the Water Revenue Bonds, Series 1993 D, the Water Revenue Bonds, Series 1994, the Water Revenue Bonds, Series 1996, and the Water Revenue Bonds, Series 1997 (the "First Lien Bonds") and senior and prior to the Water Revenue Bonds, Series 1993 C (the "Second Lien Bonds,") and the Water Refunding Bond Anticipation Notes, Series 2001, and collectively, the "Prior Bonds."

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met, (ii) the written consent of certain Holders of the First Lien Bonds to the issuance of the Series 2001 A Bonds on a parity with the First Lien Bonds and (iii) the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2001 A Bonds senior and prior to the Second Lien Bonds. The Notes are not secured by assets of the System or the Net Revenues thereof and are junior and subordinate to the First Lien Bonds and the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended, altered, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating District and Merging District with Hedgesville and Opequon Public Service Districts

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution
Series 1993 A Bond Resolution and Supplemental Resolution

Series 1993 B Bond Resolution and Supplemental Resolution (formerly, Hedgesville PSD)

Series 1993 C Bond Resolution and Supplemental Resolution (formerly, Hedgesville PSD)

Series 1993 D Bond Resolution and Supplemental Resolution (formerly, Opequon PSD)

Series 1994 Bond Resolution and Supplemental Resolution

Series 1996 Bond Resolution and Supplemental Resolution (formerly, Hedgesville PSD)

Series 1997 Bond Resolution and Supplemental Resolution (formerly, Opequon PSD)

Series 2001 Note Resolution and Supplemental Resolution (formerly, Hedgesville PSD)

Consent of WDA to Issuance of Parity Bonds

Environmental Health Services Permit

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Berkeley County Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Berkeley County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board, consisting of 5 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
1. William T. Alexander, II	July 1, 2001	June 30, 2007
2. Calvin B. Dorsey	July 1, 2001	June 30, 2003
3. D. Wayne Dunham	July 1, 2001	June 30, 2003
4. Howard W. Collins	July 1, 2001	June 30, 2005
5. William L. Stubblefield	July 1, 2001	June 30, 2005

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2001 are as follows:

Chairman	-	William T. Alexander, II
Vice-Chairman	-	Calvin B. Dorsey
Secretary	-	William L. Stubblefield
Treasurer	-	Howard W. Collins
Parliamentarian	-	D. Wayne Dunham

The duly appointed and acting counsel to Issuer is Martin & Seibert, LC of Martinsburg, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A, of the West Virginia Code of 1931, as amended, and a quorum of duly appointed or elected, as applicable, qualified and acting members of the Governing Body was present

and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and the Loan Agreement is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations made in the Loan Agreement.

11. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on September 12, 2001, in Case No. 01-0009-PWD-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Order has expired prior to the date hereof.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Orders of the Public Service Commission of West Virginia entered on September 12, 2001 and October 2, 2001, in Case No. 01-0009-PWD-CN, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Orders has expired prior to the date hereof.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered AR-1, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received from the Authority the agreed purchase price of the Bonds, being $2,010,000 (100% of par value), there being no interest accrued thereon.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published the required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended.

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit, other than use as a member of the general public. All of the foregoing have been and are to be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended (including any amendments and successor provisions and the rules and regulations thereunder, the "Code").

17. NO FEDERAL GUARANTY: The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

18. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially execute a properly completed IRS Form 8038-G in connection with the Bonds and will cause such executed Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the Internal Revenue Service Center, Odgen, Utah. The information contained in such executed Form 8038-G is true, correct and complete.

19. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

20. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

21. WEST VIRGINIA JOBS ACT: Bids for the Project were opened prior to September 1, 2001. Accordingly, the Project is not subject to the provisions of Chapter 21, Article 1C of the Code of West Virginia of 1931, as amended (the "West Virginia Jobs Act").

22. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official seal of BERKELEY COUNTY PUBLIC SERVICE DISTRICT on this 25th day of October, 2001.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to Issuer

10/20/01
067740/00004

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

CERTIFICATE AS TO ARBITRAGE

The undersigned Chairman of the Public Service Board of Berkeley County Public Service District in Berkeley County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $2,010,000 aggregate principal amount of Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), of the Issuer, dated October 25, 2001 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and applicable regulations (the "Code"). I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution duly adopted by the Issuer on October 15, 2001 (the "Bond Resolution"), authorizing the Bonds.

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

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its bonds or the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on October 25, 2001, the date on which the Bonds are to be physically delivered in exchange for the entire principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Issuer has covenanted in the Bond Resolution not to take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause any of the Bonds to be "arbitrage bonds" within the meaning of

Section 148 of the Code. The Issuer has, therefore, covenanted not to intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Section 148 of the Code. The Issuer, in the Bond Resolution, has further covenanted that it will take all actions that may be required of it so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

6. The Bonds were sold on October 25, 2001, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated October 25, 2001, by and between the Issuer and the Authority, for an aggregate purchase price of $2,010,000 (100% of par value), there being no accrued interest paid thereon.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) paying capitalized interest on the Bonds for a period of six (6) months; (iii) funding a reserve account for the Bonds; and (iv) paying costs of issuance of the Bonds and related costs.

8. The Issuer shall on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sales proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the project on or before June 15, 2002, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by June 1, 2002.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $2,010,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Bonds	$2,010,000
Total Sources	$2,010,000

USES

Acquisition and Construction of Project	$1,775,718
Capitalized Interest	65,000
Funded Reserve Account	132,082
Costs of Issuance	37,200
Total Uses	$2,010,000

The costs of the Project is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued (with respect to the Bonds):

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2001 A Bonds Construction Trust Fund;

(4) Rebate Fund;

(5) Series 2001 A Bonds Sinking Fund; and

(6) Series 2001 A Bonds Reserve Account.

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

(1) Bond proceeds in the amount of $65,000 will be deposited in the Series 2001 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of $132,082 will be deposited in the Series 2001 A Bonds Reserve Account.

(3) The balance of the proceeds of the Bonds will be deposited in the Series 2001 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

The proceeds of the Bonds in the Series 2001 A Bonds Construction Trust Fund will be invested at a yield not to exceed the yield on the Authority's bonds, the proceeds of which were used to make the loan to the Issuer. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. §1.150-2(f) (2), none of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds.

12. Moneys held in the Series 2001 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account (if fully funded) will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Series 2001 A Bonds Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Except for the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations,

annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 2001 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 2001 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bonds, and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 2001 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2001 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

14. The Issuer shall, on the date hereof or immediately hereafter, enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract is at least 5% of the net sale proceeds of the Bonds.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within eight months.

16. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. With the exception of the amount deposited in the Series 2001 A Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 2001 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 8 months from the date of issuance thereof.

18. The Series 2001 A Bonds Sinking Fund (other than the Series 2001 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 2001 A Bonds Sinking Fund (other than the Series 2001 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 2001 A Bonds Sinking Fund (other than the Series 2001 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2001 A Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 2001 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 2001 A Bonds Sinking Fund (other than in the

Series 2001 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

19. The Issuer reasonably expects to expend all proceeds of the Bonds for the payment of costs of the Project by June 23, 2002, which is within 3 years of the date of issuance of the Authority's bonds, the proceeds of which were used to make the loan to the Issuer.

20. The amount designated as cost of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

21. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

22. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Odgen, Utah. The information contained in such Form 8038-G is true, correct and complete.

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Bonds or $5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

24. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue, except to the extent any such proceeds are required for rebate to the United States.

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

26. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bonds is excluded from gross income for federal income tax purposes.

27. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

28. The Issuer will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

29. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from the gross income for federal income tax purposes of interest on the Bonds.

30. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in the Code.

31. The Issuer has either (a) funded the Series 2001 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2001 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2001 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2001 A Bonds Reserve Account and the Series 2001 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

33. The Issuer expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

34. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted to take such actions, and refrain from taking

such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolutions authorizing issuance of the Bonds.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted to pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

35. The Bonds are a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

36. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

37. 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.

38. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

39. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

40. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

41. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

42. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

WITNESS my signature on this 25th day of October, 2001.

BERKELEY COUNTY PUBLIC
SERVICE DISTRICT

By: _____
Its: Chairman

10/20/01
067740/00004

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

CERTIFICATE OF ENGINEER

I, Gary Lee Nickerson, Registered Professional Engineer, West Virginia License No. 9273 of Dewberry & Davis Consulting Engineers, Fairfax, Virginia, hereby certify as follows:

1. Dewberry & Davis Consulting Engineers is engineer for the acquisition and construction of certain improvements and extensions to the existing public waterworks system (the "Project") of Berkeley County Public Service District (the "Issuer"), to be constructed primarily in Berkeley County, West Virginia, which acquisition and construction are being financed by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on October 15, 2001, as supplemented by the Supplemental Resolution adopted by the Issuer on October 22, 2001, and the Loan Agreement, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated October 25, 2001 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying the costs of acquisition and construction of the Project, (ii) funding a reserve account for the Bonds, (iii) capitalizing interest on the Bonds for a period of six (6) months, and (iv) paying costs of issuance of the Bonds and related costs.

3. To the best of our 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 Dewberry & Davis Consulting Engineers and approved by the West Virginia Bureau for Public Health ("BPH") and any change orders approved by the Issuer and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has an anticipated useful life of at least forty (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 Issuer's counsel, Martin & Seibert, LC, all successful bidders shall be required to make provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds shall be verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United

States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of Cox Nichols Hollida, LLP, of even date herewith, 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; (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 (xi) attached hereto as EXHIBIT A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 25th day of October, 2001.

DEWBERRY & DAVIS CONSULTING ENGINEERS

[SEAL]

Gary Lee Nickerson, P.E.
West Virginia License No. 9273

10/22/01
064770/00004

EXHIBIT A

BERKELEY COUNTY PSD			
		19-Oct-01	
WATER REVENUE BONDS SERIES 2001 A			
SCHEDULE B - FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS			
	AND COST OF FINANCING		
A. Cost of Project			
1. Construction		**$ 1,086,844**	
a. Bunker Hill Projects			
(1) Glenwood Forest Tank	$ 142,556		
(2) Bunker Hill WTP Imps.	$ 759,000		
b. Blairton Project	$ 185,288		
2. Engineering Fees		**$ 406,600**	
a. Design Services			
(1) Bunker Hill Projects	$ 185,889		
(2) Blairton Project	$ 15,600		
b. Construction Services			
(1) Bunker Hill Projects			
(a) Administrative	$ 30,111		
(b) Inspection	$ 175,000		
(2) Blairton Project	$ -		
3. Legal		**$ 27,500**	
a. Bunker Hill Projects	$ 20,000		
b. Blairton Project	$ 7,500		
4. Administration		**$ 137,111**	
a. General	$ 10,000		
b. Merger Costs	$ 109,500		
c. WDOT Permit	$ 17,611		
5. Site & Other Lands	**$ 5,000**	**$ 5,000**	
6. Contingency	**$ 112,663**	**$ 112,663**	
7. TOTAL LINES 1-6		**$ 1,775,718**	
B. Source of Funds			
8. Local	$ -	$ -	
9. Net Proceeds Required		**$ 1,775,718**	
from Bond Issue			
C. Cost of Financing			
10. Other Costs			
a. Bond Counsel	$ 20,000		
b. Accountant	$ 17,200		
c. Capitalized Interest - 6 mos.	$ 65,000		
d. Debt Service Reserve Fund	$ 132,082		
11. Total Cost of Financing	**$ -**	**$ 234,282**	
12. Size of Bond Issue		**$ 2,010,000**	
BERKELEY COUNTY PUBLIC SERVICE DISTRICT			
ITS CHAIRMAN			DATE 10/22/01
ITS DISTRICT ENGINEER			DATE 10/22/01

COX
NICHOLS
HOLLIDA

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS, LLP

October 25, 2001

Berkeley County Public Service District
Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Final Order of the Public Service Commission of West Virginia entered September 12, 2001, in Case No. 01-0009-PWD-CN, and projected operation and maintenance expenses and anticipated customer usage provided by Berkeley County Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on all obligations secured by or payable from the revenues of the System, including the Water Refunding Revenue Bonds, Series 1993 A, Water Revenue Bonds, Series 1993 B, Water Revenue Bonds, Series 1993 C, Water Revenue Bonds, Series 1993 D, Water Revenue Bonds, Series 1994, Water Revenue Bonds, Series 1996, Water Revenue Bonds, Series 1997 and Water Refunding Bond Anticipation Notes, Series 2001 (collectively, the "Prior Bonds") and the Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority)(the "Series 2001 A Bonds"). It is our further opinion that the Net Revenues actually derived from the System during the fiscal year preceding the date hereof, plus the increased annual Net Revenues expected to be received during the first year following the date hereof, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Series 2001 A Bonds and the Prior Bonds.

Very truly yours,

Cox Nichols Hollida, CPAs
and Consultants, LLP

daily\bcpsdbonds

MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

201 E. Burke Street
P.O. Box 1207
Martinsburg, West Virginia 25402-1207
Phone: 304/263-0891 • Fax: 304/263-0997
E-Mail: cnhmbo@intrepid.net

December 9, 1954

IN VACATION OF COURT

IN RE: QUALIFICATION OF JOHN RUTHERFORD CROWL,
AS NOTARY PUBLIC

This day personally appeared in this office in vacation of Court, John Rutherford Crowl, who had heretofore been commissioned a Notary Public in and for Berkeley County, and qualified as such notary by taking the oath required by law and executing bond conditioned according to law in the penalty of $500.00, with Harold O. Keedy as his surety.

Teste: Harold O. Keedy CLERK

December 10, 1954

Court Met Pursuant to Adjournment.

Present: O. C. Noll, Pres.,
Ernest C. Alther, Commr.,
William F. Reid, Commr.

Bills against the County were audited, approved and ordered paid by warrants drawn on their respective funds, of even date herewith, which are hereby made a part of this record.

IN RE: QUALIFICATION OF OBED CALVIN (O. C.) NOLL
AS COUNTY COMMISSIONER

This day O. C. Noll, who had heretofore been elected County Commissioner in and for Berkeley County for a term of six years, beginning on the 1st day of January, 1955, and ending on the 31st day of December, 1960, appeared in Open Court and qualified as such County Commissioner by giving bond conditioned according to law in the penalty of Five Thousand Dollars ($5,000.00), with the Hartford Accident and Indemnity Company of Hartford, Connecticut, as his surety and by taking the oath prescribed by law.

Said bond, having been approved by Decatur H. Rodgers, Judge of the Circuit Court of Berkeley County, West Virginia, is also hereby approved.

IN THE MATTER OF THE CREATION OF A PUBLIC SERVICE
DISTRICT UNDER THE AUTHORITY OF CHAPTER NO. 147
OF THE ACTS OF THE LEGISLATURE, 1953, REGULAR SESSION

This matter came on again to be heard this 10th day of December, 1954, upon a petition heretofor presented to this Court on the 12th day of November, 1954, petitioning this Court for the establishment of a public service district under the authority of Chapter No. 147, of the Acts of the Legislature, 1953, Regular Session; upon the finding by this Court that said petition was signed by more than one hundred (100) legal voters resident within and owning real property within the limits of such proposed public service district and upon the entry of an order herein setting this matter for hearing this day, but requiring that a notice first be published by the Clerk of this Court, at least once, in a newspaper of general circulation, published within this County, at least ten days prior to this date.

And it appearing to the Court that notice has been duly published in the Martinsburg Journal, a newspaper published in Berkeley County, West Virginia, at least once, ten days prior to the date that this Court would, on the 10th day of December, 1954, at 11:00 o'clock A. M. in the County Courthouse in Martinsburg, Berkeley County, West Virginia, proceed to take evidence on the proposal to establish the Pikeside Public Service District and to hear such persons resident within, or owning or having any interest in property, in such proposed public service district, who cared to be heard, for or against the creation of such public service district.

And thereupon, this Court proceeded to hear the evidence of all interested parties for and against the creation of such public service district.

And this Court, after hearing the evidence offered before it, does find and determine that the construction or acquisition, by purchase or otherwise, and maintenance, operation, improvement and extension of public service properties by a public service district to comprise Gerrardstown Magisterial District, Mill Creek, Magisterial District, and so much of Arden Magisterial District as is situate outside the municipal limits of the City of Martinsburg, Berkeley County, West Virginia, is feasible and will be conducive to the preservation of the public health, comfort and convenience of the persons residing within such area and will be conducive, particularly to the preservation of health, comfort andconvenience of students and pupils attending the public schools of the County located within such area.

And it further appearing that written protest signed by thirty per cent (30%) or more of the qualified voters registered and residing within said district, has not been filed and this Court, finding no reason against the establishment of a public service district as petitioned for,

IT IS THEREFORE, ORDERED , that there shall be, and there is, hereby created a public service district to be known as "PIKESIDE PUBLIC SERVICE DISTRICT, a corporation", which shall have existence from this date, and be possessed of all of the rights, powers, duties and obligations granted to and imposed upon it, by the laws of the State of West Virginia, the territorial limits of which shall embrace the territorial limits of Gerrardstown and Mill Creek Magisterial Districts and such portion of Arden Magisterial District as is situate outside the geographical limits of the City of Martinsburg, Berkeley County, West Virginia, and the powers, duties of such Pikeside Public Service District shall be vested in and exercised by a public service board.

IT IS FURTHER ORDERED, that the persons named hereafter are hereby appointed as members of the Public Service Board of Pikeside Public Service District, who shall serve for

A TRUE COPY
ATTEST
John W. Small, Jr. Clerk
Berkeley County Court
By L. Frye
Deputy Clerk

the period of time indicated opposite their names and until they resign or the expiration of their respective terms of office and/or thereafter until their successors have been appointed as follows:

For a period of two years Stanley A. Caniford

For a period of four years D. M. Wageley

For a period of six years Gail W. Updike

But before entering upon his duties as such member of the Board as aforesaid, each of the aforesaid members shall meet at the office of the Clerk of this Court as soon as practicable hereafter and shall qualify by taking the required oath of office.

It is further ordered that the term of office of each of the members appointed as aforesaid, shall begin as of the first day of December, 1954.

O. C. Noll
President and County Commissioner

E. C. Alther
County Commissioner

W. F. Reid
County Commissioner

Ordered that Court adjourn to meet Tuesday, December 14th, 1954 at 10:30 o'clock A.M.

O. C. Noll PRES.

December 11, 1954

IN VACATION OF COURT
OF
IN RE: OATH/OFFICE OF STANLEY A. CANIFORD, ET AL
AS MEMBERS OF THE PUBLIC SERVICE BOARD OF
PIKESIDE PUBLIC SERVICE DISTRICT

This day appeared in the Office of the Clerk of the County Court, Stanley A. Caniford, Dalton M. Wageley and Gail W. Updike, who had heretofore, on the 10th day of December, 1954, been appointed as members of the Public Service Board of Pikeside Public Service District of Berkeley County and qualified as such by taking the oath of office as prescribed by statute.

The term of office of the said Stanley A. Caniford, Dalton M. Wageley and Gail W. Updike shall be two, four and six years, respectively.

Teste: Harold O. Heady CLERK

December 14, 1954

Court Met Pursuant to Adjournment.

Present: O. C. Noll, Pres.,
Ernest C. Alther, Commr.,
William F. Reid, Commr.

Bills against the County were audited, approved and ordered paid by warrants drawn on their respective funds, of even date herewith, which are hereby made a part of this record.

IN RE: APPLICATION OF WILMA G. PITZER,
AS NOTARY PUBLIC

Upon the application of Wilma G. Pitzer, for appointment as Notary Public in and for the County of Berkeley, it was shown to the satisfaction of this Court, that said applicant is a resident of the County from which she seeks appointment, that she is competent to perform the duties of such office, and that she is a person of good moral character, all of which the Clerk of this Court is directed to certify according to law.

IN RE: QUALIFICATION OF JAS. S. DAILEY,
AS NOTARY PUBLIC

This day personally appeared in Open Court, Jas. S. Dailey, who had heretofore been commissioned a notary public in and for Berkeley County, and qualified as such notary by taking the oath required by law and executing bond conditioned according to law in the penalty of $500:00, with Frances H. Dailey, as his surety.

Ordered that Court adjourn to meet Friday, December 17, 1954, at 9:00 o'clock A.M.

O. C. Noll PRES.

IN RE: APPLICATION OF DANIEL S. MILLER
AS NOTARY PUBLIC

Upon the application of Daniel S. Miller, for appointment as Notary Public in and for the County of Berkeley, it was shown to the satisfaction of this Court, that said applicant is a resident of the County from which he seeks appointment, that he is competent to perform the duties of such office, and that he is a person of good moral character, all of which the Clerk of this Court is directed to certify according to law.

Ordered that Court adjourn to meet Tuesday, January 17th, 1956 at 10:30 O'clock A.M.

William F. Reid PRES.

January 17, 1956

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,
Ernest C. Alther, Commr.,
O. C. Noll, Commr.

Bills against the County were audited, approved and ordered paid by warrants drawn on their respective funds, of even date herewith, which are hereby made a part of this record.

IN RE: APPLICATION OF D. C. COFFINBERGER
AS NOTARY PUBLIC

Upon the application of D. C. Coffinberger, for appointment as Notary Public in and for the County of Berkeley, it was shown to the satisfaction of this Court, that said applicant is a resident of the County from which he seeks appointment, that he is competent to perform the duties of such office, and that he is a person of good moral character, all of which the Clerk of this Court is directed to certify according to law.

IN RE: QUALIFICATION OF JOSEPH C. SNYDER
AS NOTARY PUBLIC

This day personally appeared in Open Court, Joseph C. Snyder, who had heretofore been commissioned as notary public in and for Berkeley County, and qualified as such notary by taking the oath required by law and executing bond conditioned according to law in the penalty of$500.00, with The Aetna Casualty and Surety Company, as his surety.

IN RE: APPLICATION OF D. P. TALBOTT
AS NOTARY PUBLIC

Upon the application of D. P. Talbott, for appointment as Notary Public in and for the County of Berkeley, it was shown to the satisfaction of this Court, that said applicant is a resident of the County from which he seeks appointment, that he is competent to perform the duties of such office, and that he is a person of good moral character, all of which the Clerk of this Court is directed to certify according to law.

Ordered that Court adjourn to meet Friday, January 20th, 1956, at 10:30 O'clock A.M.

William F. Reid PRES.

January 20th, 1956

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,
Ernest C. Alther, Commr.,
O. C. Noll, Commr.

Bills against the County were audited, approved and ordered paid by warrants drawn on their respective funds, of even date herewith, which are hereby made a part of this record.

IN RE: PIKESIDE PUBLIC SERVICE BOARD AND PIKESIDE PUBLIC SERVICE
DISTRICE, CHANGE OF NAME

CERTIFICATE

TO H. O. KEEDY, CLERK OF
THE COUNTY COURT OF BERKELEY
COUNTY, WEST VIRGINIA

BE IT REMEMBERED THAT, a meeting of the Pikeside Public Service District, a public corporation, held on the 19th day of January, 1956, the following resolutions were unanimously adopted:

RESOLVED: That the names of Pikeside Public Service District and Pikeside Public Service Board be changed to Berkeley County Public Service District and Berkeley County Public Service Board;

RESOLVED FURTHER: That these changes be certified to the Clerk of the County Court of Berkeley County, West Virginia, by the secretary of this Board, in accordance with Section 4, Chapter 147 of the Acts of the Legislature, Regular Session 1953, by transmitting

John W. Small, Jr. Clerk
Berkeley County Court
By L. Fryer
Deputy Clerk

to said Clerk a true copy of the foregoing resolution.

Certified, a true copy

A. Lewis Lewis
Secretary, Berkeley County
Public Service Board

Ordered that Court adjourn to meet Tuesday, January 24th, 1956 at 10:30 O'clock A.M.

William F. Reid PRES.

January 23rd, 1956

IN VACATION OF COURT

IN RE: QUALIFICATION OF D. C. COFFINBERGER
AS NOTARY PUBLIC

This day personally appeared in this office in Vacation of Court, D. C. Coffinberger, who had heretofore been commissioned a Notary Public in and for Berkeley County, and qualified as such notary by taking the oath required by law and executing bond conditioned according to law in the penalty of $500.00, with William C. Clohan, as his surety.

Teste: Harold O. Keedy CLERK

January 24th, 1956

Court Met Pursuant to Adjournment

Present: William F. Reid, Pres.,
Ernest C. Alther, Commr.,
O. C. Noll, Commr.

Bills against the County were audited, approved and ordered paid by warrants drawn on their respective funds, of even date herewith, which are hereby made a part of this record.

IN RE: APPLICATION OF SAMUEL T. JOHNSON,
AS NOTARY PUBLIC

Upon the application of Samuel T. Johnson, for appointment as Notary Public in and for the County of Berkeley, it was shown to the satisfaction of this Court, that said applicant is a resident of the County from which he seeks appointment, that he is competent to perform the duties of such office, and that he is a person of good moral character, all of which the Clerk of this Court is directed to certify according to law.

IN RE: APPLICATION OF DOROTHY M. WILLIAMS,
AS NOTARY PUBLIC

Upon the application of Dorothy M. Williams, for appointment as Notary Public in and for the County of Berkeley, it was shown to the satisfaction of this Court, that said applicant is a resident of the County from which she seeks appointment, that she is competent to perform the duties of such office, and that she is a person of good moral character, all of which the Clerk of this Court is directed to certify according to law.

IN RE: QUALIFICATION OF D. P. TALBOTT,
AS NOTARY PUBLIC

This day personally appeared in Open Court, D. P. Talbott, who had heretofore been commissioned a Notary Public in and for Berkeley County, and qualified as such notary by taking the oath required by law and executing bond conditioned according to law in the penalty of $500.00, with Ethel B. Talbott, as his surety.

Ordered that Court adjourn to meet Wednesday, January 25th, 1956 at 10:30 O'clock A.M.

William F. Reid PRES.

January 25th, 1956

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,
Ernest C. Alther, Commr.,
O. C. Noll, Commr.

Bills against the County were audited, approved and ordered paid by warrants drawn on their respective funds, of even date herewith, which are hereby made a part of this record.

Said bond is hereby approved.

IN RE: QUALIFICATION OF JANET F. KISNER, AS NOTARY PUBLIC.

This day personally appeared in Open Court, Janet F. Kisner, who had heretofore been commissioned a notary public in and for Berkeley County, and qualified as such notary by taking the oath required by law and executing bond conditioned according to law in the penalty of $500.00, with A. Lovelace Starliper, as her surety.

Ordered that Court adjourn to meet Tuesday, July 10th, 1956 at 10:00 O'clock A.M.

William F. Reid PRES.

July 10th, 1956

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,
------- - ------, Commr.,
O. C. Noll, Commr.

Bills against the County were audited, approved and ordered paid by warrants drawn on their respective funds, of even date herewith, which are hereby made a part of this record.

IN RE: BOARD OF REVIEW AND EQUALIZATION.

The Court this day convened as a Board of Review and Equalization for the purpose of reviewing and equalizing the assessments as submitted by the Assessor on the property books for the current year.

IN RE: IN THE MATTER OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT.

IN THE

COUNTY COURT

OF

BERKELEY COUNTY, WEST VIRGINIA

IN THE MATTER OF
BERKELEY COUNTY PUBLIC SERVICE DISTRICT

This matter came on further to be heard this 10th day of July, 1956, upon the determinations and finding made and order entered herein on the 15th day of June, 1956; upon notice regularly published in the Martinsburg Journal, a newspaper published in and of general circulation in Berkeley County, West Virginia, on the 20th day of June, 1956; that a hearing would be held before this Court on this date upon its motion to include Opequon and Falling Waters Magisterial District and so much of Hedgesville Magisterial District as is situate outside the corporate and municipal territorial limits of the Town of Hedgesville, within the territorial limits of Berkeley County Public Service District.

And it appearing to this Court that the 20th day of June, 1956, the publication date of such notice is a date at least ten (10) days prior to this day and that this date is not less than twenty (20) days or more than forty (40) from the 15th day of June, 1956, the date of the Court's motion, the Court proceeded to hear the evidence of all interested parties for and against the extension of the territorial limits of Berkeley County Public Service District to include the territorial limits above set forth.

Thereupon, upon consideration of the evidence and upon agrument by counsel, the Court does find and determine that the construction or acquisition, by purchase or otherwise, and maintenance, operation, improvement and extensions of public service properties by Berkeley County Public Service District, including water distribution and/ or sewerage systems, by extending the territorial limits of said Berkeley County Public Service District, heretofore created by this Court, to include, for the purpose of further implementing the powers, aims and authorities heretofore granted said Berkeley County Public Service District by the creation thereof, the territorial limits of Opequon and Falling Waters Magisterial District as is situate outside the corporate and municipal territorial limits of the Town of Hedgesville, all within Berkeley County, West Virginia, is feasible and will be conducive to the preservation of the public health, comfort and convenience of the persons residing within such area.

And it further appearing to the Court that written protest signed by thirty per cent (30%) or more of the qualified voters registered and residing within said Opequon, Falling Waters and Hedgesville Magisterial District, protesting against the proposed extension of the territorial limits of Berkeley County Public Service District, has not been filed and the Court perceiving no reason, therefore, for calling for a referendum upon said proposal.

IT IS, THEREFORE, ORDERED, that the territorial limits of said Berkeley County Public Service District be and they are hereby extended to include the territorial limits of Opequon and Falling Waters Magisterial District, and so much of Hedgesville Magisterial District as is situate outside the corporate and municipal territorial limits of the Town of Hedgesville all within Berkeley County, West Virginia, with full power and authority in said Berkeley County Public Service District to construct or acquire by purchase or otherwise, and maintain, operate, and extend public service properties, including water

A TRUE COPY
ATTEST
John W. Small, Jr. Clerk
Berkeley County Court
By L. Frye
Clerk

distribution and/or sewerage systems within said territorial limits, as provided by Chapter 147, Acts of the Legislature, Regular Session, 1953.

William F. Reid
President County Court of Berkeley County, W. Va.

Teste:
Harold O. Keedy
Clerk

Ordered that Court adjourn to meet Friday, July 13th, 1956 at 10:30 O'clock P. M.

William F. Reid PRES.

July 13th, 1956

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,
------- - ------, Commr.,
O. C. Noll, Commr.

Bills against the County were audited, approved and ordered paid by warrants drawn on their respective funds, of even date herewith, which are hereby made a part of this record.

IN RE: BOARD OF REVIEW AND EQUALIZATION.

The Court this day convened as a Board of Review and Equalization for the purpose of reviewing and equalizing the assessments as submitted by the Assessor on the property books for the current year.

Ordered that Court adjourn to meet Tuesday, July 17th, 1956 at 10:30 O'clock A. M.

William F. Reid PRES.

July 14th, 1956

IN VACATION OF COURT.

IN RE: MINISTER'S BOND OF J. PAUL COLEMAN.

Upon the motion in person of J. Paul Coleman, he is hereby given permission to qualify to perform the Marriage Ceremony in West Virginia.

Whereupon he entered into and acknowledged bond, conditioned according to law in the penalty of Fifteen Hundred Dollars ($1500.00) with H. F. Horner, as such surety, and made oath in due form of law.

Teste: Harold O. Keedy CLERK

July 17th, 1956

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,
------- - -----, Commr.,
O. C. Noll, Commr.

Bills against the County were audited, approved and ordered paid by warrants drawn on their respective funds, of even date herewith, which are hereby made a part of this record.

IN RE: BOARD OF REVIEW AND EQUALIZATION.

The Court this day convened as a Board of Review and Equalization for the purpose of reviewing and equalizing the assessments as submitted by the Assessor on the property books for the current year.

IN RE: DELINQUENT REAL ESTATE FOR 1955.

This day W. Strong Lewis, Sheriff of this County, presented to the Court a list of Real Estate in this County delinquent for the non-payment of taxes thereon for the year 1955, verified by his affidavit appended thereto, which said list being examined by the Court, and found to be correct, is therefore allowed as follows:

DISTRICT	Total State, County and District, School and Municipal Taxes Originally Charged	Total State, County and District, School and Municipal Taxes Originally Charged	Total All Taxes and Interest Collected
	CLASS II	CLASS III or IV	
RECAPITULATION			
[illegible]	254.40	48.79	303.19

BEFORE THE COUNTY COMMISSION OF BERKELEY COUNTY
WEST VIRGINIA

On Thursday, the 1st day of June, 2000, pursuant to previous order of this Commission continuing the public hearing of this matter, assembled the Commission and members of the public for the purposes of considering the feasibility of the merger or consolidation of Opequon Public Service District, Berkeley County Public Service District, and Hedgesville Public Service District into one public water service district.

The Commission, having considered the opinions and views stated by those who spoke in favor of and against such proposed merger/consolidation, finds that a merger of the three districts will be conducive to the preservation of the public health, comfort and convenience of the people of Berkeley County. Further, the Commission finds that such merger of the three public water service districts into one district for the purpose of providing water service to the people of Berkeley County will permit a more efficient and effective method of planning for and implementing the provision of water service to the public; will result in a greater ability to compete for the resources necessary to the implementation of water service to the public; will permit greater efficiencies and cost effective service to the citizens of Berkeley County; and, will ultimately result in a fairer rate structure for the people of this county.

Accordingly, it is the ORDER of this Commission that the Opequon Public Service District and the Hedgesville Public Service District shall be merged into the Berkeley County Public Service District for the purpose of providing water service to the people of Berkeley County; that such merger shall be effective on the 1st day of July, 2001, or as soon thereafter as possible, and that all details of the new entity shall be in place on or before June 30, 2001; that the merger

shall be accomplished in an orderly and business-like manner; that the boards of the three subject districts shall continue to operate until a new, single board is appointed by this Commission; and, that this Commission shall direct and manage the merger through a series of orders until the same is fully realized and operational.

It is further ORDERED that this decision and ORDER shall be forwarded to the Chairperson of the West Virginia Public Service Commission for review and action and that the Public Service Commission be requested to provide technical and other assistance to Berkeley County in the implementation of the merger.

Done Amended this 30th day of November, 2000.

D. Wayne Dunham, President

Robert L. Burkhart, Commissioner

John E. Wright, Commissioner

ATTEST:

John W. Small, Clerk
County Commission of
Berkeley County

(SEAL)

MAL:MAL0046900

RE: NORWOOD BENTLEY, III
LEGAL ISSUES UPDATE
CONSIDERATION OF ORDER APPROVING & RATIFYING THE MERGER OF HEDGESVILLE & OPEQUON PUBLIC SERVICE DISTRICTS INTO BERKELEY COUNTY PUBLIC SERVICE DISTRICT AND THE DISSOLUTION OF THE HEDGESVILLE AND OPEQUON PUBLIC SERVICE DISTRICTS AND THE TERMINATION OF TERMS OF THE CURRENT BERKELEY COUNTY PUBLIC SERVICE DISTRICT BOARD MEMBERS AND THE APPOINTMENT OF THE NEW BOARD.

NORWOOD BENTLEY, III, COUNSEL FOR THE COMMISSION, CAME BEFORE THE COMMISSIONERS. REGARDING THE MERGER OF THE AREAS PUBLIC SERVICE DISTRICTS. THE FOLLOWING ORDER WAS PRESENTED TO THE COUNTY COMMISSION FOR THEIR APPROVAL:

BEFORE THE COUNTY COMMISSION OF BERKELEY COUNTY

ORDER APPROVING AND RATIFYING THE MERGER OF HEDGESVILLE PUBLIC SERVICE DISTRICT AND OPEQUON PUBLIC SERVICE DISTRICT INTO BERKELEY COUNTY PUBLIC SERVICE DISTRICT, THE DISSOLUTION OF HEDGESVILLE PUBLIC SERVICE DISTRICT AND OPEQUON PUBLIC SERVICE DISTRICT AND APPOINTING MEMBERS OF THE PUBLIC SERVICE BOARD OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, Berkeley County Public Service District (hereinafter "Berkeley") is a public service district and public corporation created by Resolution of The County Commission of Berkeley County (hereinafter, the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, Hedgesville Public Service District (hereinafter "Hedgesville") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act;

WHEREAS, Opequon Public Service District (hereinafter "Opequon") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act;

WHEREAS, the County Commission adopted a resolution on June 1, 2000, ordering the merger of Hedgesville and Opequon into Berkeley and

dissolution of Hedgesville and Opequon, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 00-0893-PWD-PC, by Commission Orders entered on December 28, 2000 and April 26, 2001, approved and ordered the merger of Hedgesville and Opequon into Berkeley;

WHEREAS, said merger is subject to the approval of the bondholders of the respective Districts;

WHEREAS, the West Virginia Development Authority, as the holder of Series 1993 A, Series 1993 B and Series 1996 Bonds heretofore issued by Hedgesville and the Series 1993 and Series 1997 Bonds heretofore issued by Opequon, has consented to the merger of Hedgesville and Opequon into Berkeley, the assumption of such bonds of Hedgesville and Opequon by Berkeley and the dissolution of Hedgesville and Opequon;

WHEREAS, Branch Banking and Trust Company, as the holder of the Series 2001 A Notes heretofore issued by Hedgesville, has consented to the merger of Hedgesville and Opequon into Berkeley, the assumption of such notes of Hedgesville by Berkeley and the dissolution of Hedgesville;

WHEREAS, Ambac Assurance Corporation, as issuer of municipal bond insurance policies nos. 8159BE and 10655BE relating to the Series 1993 A Bonds and Series 1994 Bonds of Berkeley, has consented to the merger of Hedgesville and Opequon into Berkeley and the assumption of the bonds of Hedgesville and Opequon by Berkeley.

WHEREAS, pursuant to the Act, upon completion of the merger of Hedgesville and Opequon into Berkeley and the resulting termination of the terms of the members of the Public Service Boards for each of the Districts, the County Commission is required to appoint members to the Public Service Board of Berkeley and may appoint up to five (5) persons to said Public Service Board; and

WHEREAS, it is now deemed desirous by the County Commission to adopt a Resolution approving and ratifying the merger of Hedgesville and Opequon into Berkeley, ratifying and confirming all lawful actions taken by all parties and their counsel to effectuate and complete the merger of Hedgesville and Opequon into Berkeley, ordering the Public Service Boards of Berkeley, Hedgesville and Opequon to expeditiously take all actions necessary to consummate and complete the merger, ordering Hedgesville and Opequon be dissolved immediately following the consummation of the merger and the appointment of the five (5) member board of Berkeley.

/s/John E. Wright, Commissioner County Clerk

COMMISSIONER WRIGHT MADE A MOTION TO APPROVE AND ACCEPT THE ORDER AND APPROVE THE APPOINTMENT OF THE FIVE (5) BOARD MEMBERS. THE MOTION WAS SECONDED BY COMMISSIONER BURKHART AND UNANIMOUSLY APPROVED. ALL FIVE OF THE BOARD MEMBERS WERE ASKED IF THEY WERE WILLING TO SERVE PRIOR TO THE COMMISSION'S ACTION. ALL FIVE BOARD MEMBERS WERE WILLING TO SERVE. COMMISSIONER WRIGHT EXPRESSED HIS APPRECIATION TO NORWOOD BENTLEY AND HOY SHINGLETON FOR ALL OF THEIR WORK AND THEIR WILLINGNESS TO OFFER ASSISTANCE.

FOLLOWING THE APPOINTMENTS OF THE NEW BOARD MEMBERS, THE COUNTY COMMISSION PRESENTED EACH OF THE FORMER PUBLIC SERVICE DISTRICTS BOARD MEMBERS CERTIFICATES OF APPRECIATION FOR THEIR YEARS OF SERVICE TO BERKELEY COUNTY. THE FOLLOWING LIST REFLECTS THE NAMES AND YEARS OF SERVICE OF THOSE FORMER BOARD MEMBERS:

1. CALVIN B. DORSEY – OPEQUON P. S. D. – 28 YEARS
2. GREGORY RHOE – HEDGESVILLE P. S. D. – 9 YEARS
3. HOWARD COLLINS – BERKELEY COUNTY P.S.D.- 46 YEARS
4. RUBY KERNS – BERKELEY COUNTY P. S. D. – 19 YEARS
5. BILL BUTLER – BERKELEY COUNTY P. S. D. – 1+ YEARS
6. BOYD BUTTS – HEDGESVILLE P. S. D. – 27 YEARS
7. GERALD ARNDT – OPEQUON P. S. D. – 26 YEARS
8. KARL KELLER – OPEQUON P. S. D. – 4 YEARS
9. BILL ALEXANDER – HEDGESVILLE P. S. D. – 11 YEARS

COMMISSIONER WRIGHT DISCUSSED THE DEDICATION OF THE FORMER BOARD MEMBERS AND THE MANY SACRIFICES THEY GAVE TO SERVE THEIR COMMUNITY. COMMISSIONER BURKHART STATED THAT HE HELPED TO APPOINT A LOT OF THE BOARD MEMBERS AND NEVER FELT THAT HE MADE A MISTAKE.

RE: FIVE-MINUTE RECESS

COMMISSIONER BURKHART MADE A MOTION TO TAKE A FIVE-MINUTE RECESS. THE MOTION WAS SECONDED BY COMMISSIONER WRIGHT AND UNANIMOUSLY APPROVED.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED BY THE COUNTY COMMISSION OF BERKELEY COUNTY AS FOLLOWS:

1. That the merger of Hedgesville and Opequon into Berkeley is hereby ratified, confirmed and, upon execution and filing of necessary documents by the Public Service Boards of the respective District, in all respects deemed completed and to be effective July 1, 2001.

2. That all lawful actions taken, or to be taken, by the parties to this merger and their counsel to effectuate and complete the merger of Hedgesville and Opequon into Berkeley are hereby ratified and confirmed.

3. That the Public Service Boards of Berkeley, Hedgesville and Opequon are hereby ordered to expeditiously take all actions necessary to consummate and complete the merger of Hedgesville and Opequon into Berkeley.

4. That, following the consummation of the merger of Hedgesville and Opequon into Berkeley on July 1, 2001, Hedgesville and Opequon shall be dissolved.

5. That, following the consummation of the merger of Hedgesville and Opequon into Berkeley on July 1, 2001, the terms of office of the current Berkeley Board members shall end, by operation of law, and the Board of Berkeley is hereby supplanted and replaced by the following five (5) individuals who are hereby appointed, and shall serve as members of the Public Service Board of Berkeley for the terms set forth below:

1. William T. Alexander, III	July 1, 2001-June 30, 2007
2. Bruce Dorsey	July 1, 2001-June 30, 2003
3. D. Wayne Dunham	July 1, 2001-June 30, 2003
4. Howard Collins	July 1, 2001-June 30, 2005
5. William L. Stubblefield	July 1, 2001-June 30, 2005

6. This Resolution and Order shall be effective immediately following adoption hereof.

ENTERED into the permanent record of Berkeley County, West Virginia, this 28th day of June, 2001.

/s/Howard L. Strauss, President
/s/Robert L. Burkhart, Commissioner

Attest:
/s/John W. Small, Jr.

RE: NORWOOD BENTLEY, III
LEGAL ISSUES UPDATE
CONSIDERATION OF ORDER APPROVING & RATIFYING THE MERGER OF HEDGESVILLE & OPEQUON PUBLIC SERVICE DISTRICTS INTO BERKELEY COUNTY PUBLIC SERVICE DISTRICT AND THE DISSOLUTION OF THE HEDGESVILLE AND OPEQUON PUBLIC SERVICE DISTRICTS AND THE TERMINATION OF TERMS OF THE CURRENT BERKELEY COUNTY PUBLIC SERVICE DISTRICT BOARD MEMBERS AND THE APPOINTMENT OF THE NEW BOARD.

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BEFORE THE COUNTY COMMISSION OF BERKELEY COUNTY

ORDER APPROVING AND RATIFYING THE MERGER OF HEDGESVILLE PUBLIC SERVICE DISTRICT AND OPEQUON PUBLIC SERVICE DISTRICT INTO BERKELEY COUNTY PUBLIC SERVICE DISTRICT, THE DISSOLUTION OF HEDGESVILLE PUBLIC SERVICE DISTRICT AND OPEQUON PUBLIC SERVICE DISTRICT AND APPOINTING MEMBERS OF THE PUBLIC SERVICE BOARD OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, Berkeley County Public Service District (hereinafter "Berkeley") is a public service district and public corporation created by Resolution of The County Commission of Berkeley County (hereinafter, the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, Hedgesville Public Service District (hereinafter "Hedgesville") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act;

WHEREAS, Opequon Public Service District (hereinafter "Opequon") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act;

WHEREAS, the County Commission adopted a resolution on June 1, 2000, ordering the merger of Hedgesville and Opequon into Berkeley and

dissolution of Hedgesville and Opequon, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 00-0893-PWD-PC, by Commission Orders entered on December 28, 2000 and April 26, 2001, approved and ordered the merger of Hedgesville and Opequon into Berkeley;

WHEREAS, said merger is subject to the approval of the bondholders of the respective Districts;

WHEREAS, the West Virginia Development Authority, as the holder of Series 1993 A, Series 1993 B and Series 1996 Bonds heretofore issued by Hedgesville and the Series 1993 and Series 1997 Bonds heretofore issued by Opequon, has consented to the merger of Hedgesville and Opequon into Berkeley, the assumption of such bonds of Hedgesville and Opequon by Berkeley and the dissolution of Hedgesville and Opequon;

WHEREAS, Branch Banking and Trust Company, as the holder of the Series 2001 A Notes heretofore issued by Hedgesville, has consented to the merger of Hedgesville and Opequon into Berkeley, the assumption of such notes of Hedgesville by Berkeley and the dissolution of Hedgesville;

WHEREAS, Ambac Assurance Corporation, as issuer of municipal bond insurance policies nos. 8159BE and 10655BE relating to the Series 1993 A Bonds and Series 1994 Bonds of Berkeley, has consented to the merger of Hedgesville and Opequon into Berkeley and the assumption of the bonds of Hedgesville and Opequon by Berkeley.

WHEREAS, pursuant to the Act, upon completion of the merger of Hedgesville and Opequon into Berkeley and the resulting termination of the terms of the members of the Public Service Boards for each of the Districts, the County Commission is required to appoint members to the Public Service Board of Berkeley and may appoint up to five (5) persons to said Public Service Board; and

WHEREAS, it is now deemed desirous by the County Commission to adopt a Resolution approving and ratifying the merger of Hedgesville and Opequon into Berkeley, ratifying and confirming all lawful actions taken by all parties and their counsel to effectuate and complete the merger of Hedgesville and Opequon into Berkeley, ordering the Public Service Boards of Berkeley, Hedgesville and Opequon to expeditiously take all actions necessary to consummate and complete the merger, ordering Hedgesville and Opequon be dissolved immediately following the consummation of the merger and the appointment of the five (5) member board of Berkeley.

/s/John E. Wright, Commissioner County Clerk

COMMISSIONER WRIGHT MADE A MOTION TO APPROVE AND ACCEPT THE ORDER AND APPROVE THE APPOINTMENT OF THE FIVE (5) BOARD MEMBERS. THE MOTION WAS SECONDED BY COMMISSIONER BURKHART AND UNANIMOUSLY APPROVED. ALL FIVE OF THE BOARD MEMBERS WERE ASKED IF THEY WERE WILLING TO SERVE PRIOR TO THE COMMISSION'S ACTION. ALL FIVE BOARD MEMBERS WERE WILLING TO SERVE. COMMISSIONER WRIGHT EXPRESSED HIS APPRECIATION TO NORWOOD BENTLEY AND HOY SHINGLETON FOR ALL OF THEIR WORK AND THEIR WILLINGNESS TO OFFER ASSISTANCE.

FOLLOWING THE APPOINTMENTS OF THE NEW BOARD MEMBERS, THE COUNTY COMMISSION PRESENTED EACH OF THE FORMER PUBLIC SERVICE DISTRICTS BOARD MEMBERS CERTIFICATES OF APPRECIATION FOR THEIR YEARS OF SERVICE TO BERKELEY COUNTY. THE FOLLOWING LIST REFLECTS THE NAMES AND YEARS OF SERVICE OF THOSE FORMER BOARD MEMBERS:

1. CALVIN B. DORSEY – OPEQUON P. S. D. – 28 YEARS
2. GREGORY RHOE – HEDGESVILLE P. S. D. – 9 YEARS
3. HOWARD COLLINS – BERKELEY COUNTY P.S.D.- 46 YEARS
4. RUBY KERNS – BERKELEY COUNTY P. S. D. – 19 YEARS
5. BILL BUTLER – BERKELEY COUNTY P. S. D. – 1+ YEARS
6. BOYD BUTTS – HEDGESVILLE P. S. D. – 27 YEARS
7. GERALD ARNDT – OPEQUON P. S. D. – 26 YEARS
8. KARL KELLER – OPEQUON P. S. D. – 4 YEARS
9. BILL ALEXANDER – HEDGESVILLE P. S. D. – 11 YEARS

COMMISSIONER WRIGHT DISCUSSED THE DEDICATION OF THE FORMER BOARD MEMBERS AND THE MANY SACRIFICES THEY GAVE TO SERVE THEIR COMMUNITY. COMMISSIONER BURKHART STATED THAT HE HELPED TO APPOINT A LOT OF THE BOARD MEMBERS AND NEVER FELT THAT HE MADE A MISTAKE.

RE: FIVE-MINUTE RECESS

COMMISSIONER BURKHART MADE A MOTION TO TAKE A FIVE-MINUTE RECESS. THE MOTION WAS SECONDED BY COMMISSIONER WRIGHT AND UNANIMOUSLY APPROVED.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED BY THE COUNTY COMMISSION OF BERKELEY COUNTY AS FOLLOWS:

1. That the merger of Hedgesville and Opequon into Berkeley is hereby ratified, confirmed and, upon execution and filing of necessary documents by the Public Service Boards of the respective District, in all respects deemed completed and to be effective July 1, 2001.

2. That all lawful actions taken, or to be taken, by the parties to this merger and their counsel to effectuate and complete the merger of Hedgesville and Opequon into Berkeley are hereby ratified and confirmed.

3. That the Public Service Boards of Berkeley, Hedgesville and Opequon are hereby ordered to expeditiously take all actions necessary to consummate and complete the merger of Hedgesville and Opequon into Berkeley.

4. That, following the consummation of the merger of Hedgesville and Opequon into Berkeley on July 1, 2001, Hedgesville and Opequon shall be dissolved.

5. That, following the consummation of the merger of Hedgesville and Opequon into Berkeley on July 1, 2001, the terms of office of the current Berkeley Board members shall end, by operation of law, and the Board of Berkeley is hereby supplanted and replaced by the following five (5) individuals who are hereby appointed, and shall serve as members of the Public Service Board of Berkeley for the terms set forth below:

1. William T. Alexander, III	July 1, 2001-June 30, 2007
2. Bruce Dorsey	July 1, 2001-June 30, 2003
3. D. Wayne Dunham	July 1, 2001-June 30, 2003
4. Howard Collins	July 1, 2001-June 30, 2005
5. William L. Stubblefield	July 1, 2001-June 30, 2005

6. This Resolution and Order shall be effective immediately following adoption hereof.

ENTERED into the permanent record of Berkeley County, West Virginia, this 28th day of June, 2001.

/s/Howard L. Strauss, President
/s/Robert L. Burkhart, Commissioner

Attest:
/s/John W. Small, Jr.

State of West Virginia,

Berkeley County, Sct.;

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid, personally appeared Bill Alexander who has been duly appointed to the office of member or the Berkeley County District Advisory Board and took and subscribed the following

I, Bill Alexander, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Bill Alexander, do solemnly swear that I will faithfully discharge the duties of the office of Berkeley County District Advisory Board to the best of my skill and judgment. So help me God.

Given under my hand this 4TH day of January, ~~19~~ 2001.

Clerk of the County Court of Berkeley County.

State of West Virginia,

Berkeley County, Sct.;

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid, personally appeared Bruce Dorsey who has been duly appointed to the office of Member of the Berkeley County Public Service District and took and subscribed the following:

I, Bruce Dorsey, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Bruce Dorsey, do solemnly swear that I will faithfully discharge the duties of the office of Member of the Berkeley County Public Service District to the best of my skill and judgment. So help me God.

Bruce B Dorsey

Given under my hand this 11TH day of JULY, ~~XXX~~2001.

Term Expires June 30, 2003

John W. Small Jr.
Clerk of the County Court of Berkeley County.

State of West Virginia,

Berkeley County, Sct.;

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid, personally appeared Wayne Dunham who has been duly appeared to the office of Member of the Berkeley County Public Service District and took and subscribed the following:

I, Wayne Dunham, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Wayne Dunham, do solemnly swear that I will faithfully discharge the duties of the office of Member of the Berkeley County Public Service District to the best of my skill and judgment. So help me God.

D. Wayne Dunham

Given under my hand this 9 day of July, ~~19~~ 2001

Term Expires June 30, 2003

John W. Small

Clerk of the County Court of Berkeley County.

State of West Virginia,

Berkeley County, Sct.;

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid,

personally appeared Howard Collins who

has been duly appointed to the office of

Member on Berkeley County District Advisory Board

and took and subscribed the following:

I, Howard Collins, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Howard Collins, do solemnly swear that I will faithfully discharge the duties of the office of

member on the Berkeley County District Advisory Board

to the best of my skill and judgment. So help me God.

Howard W. Collins

Given under my hand this 18 day of January, ~~19~~ 2001.

John W. Small

Clerk of the County Court of Berkeley County.

State of West Virginia,

Berkeley County, Sct.;

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid, personally appeared William Stubblefield who has been duly appointed to the office of Member of the Berkeley County Public Service District and took and subscribed the following:

I, William Stubblefield, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, William Stubblefield, do solemnly swear that I will faithfully discharge the duties of the office of Member of the Berkeley County Public Service District to the best of my skill and judgment. So help me God.

Given under my hand this 3RD day of July, ~~XX~~ 2001.

Term Expires June 30, 2005

John W. Small Jr.
Clerk of the County Court of Berkeley County.

RULES OF PROCEDURE

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: BERKELEY COUNTY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 97 Runnymeade Road, Bunker Hill, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Berkeley County Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Berkeley County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular meetings on the second and fourth Mondays of each month at such places and times as the members shall determine from time to time. If the date stated for a meeting shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 3 members shall constitute a quorum and the affirmative vote of a majority of members present (plus those voting by proxy) shall be sufficient to authorize action. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Berkeley County Courthouse and at such other places fixed for regular meetings of the Public Service Board of the date, time and place or places fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Berkeley County Courthouse and at such other places fixed for regular meetings of the Public Service Board not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Vice-Chairman, a Secretary, a Parliamentarian and a Treasurer, all of whom shall be elected from the members of the Public Service Board. In addition, the Board may employ a recording secretary and a staff treasurer, who may perform the day-to-day duties regularly performed by the Secretary and Treasurer. Such individuals shall not be members of the Board.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Vice-Chairman shall, in the absence of the Chairman, preside as Chairman at all meetings of the Public Service Board. In the event of the incapacitation or unavailability of the Chairman, the Vice-Chairman is authorized to exercise all powers of the Chairman as have been conferred by the Board, by these Rules of Procedure, or as prescribed by law.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. The Parliamentarian shall monitor and advise the Public Service Board on parliamentary rules and procedures. The Parliamentarian shall also perform such other duties as may be conferred from time to time by the members of the Board or these Rules of Procedure.

Section 5. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him or her and

shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He or she shall perform such other duties as may be required of him or her by law or as may be conferred upon him or her by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 6. If the Vice-Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 3rd day of July, 2001.

06/29/01
067740.99004

NOTICE OF FILING

The Berkeley County Public Service District has filed a duly verified pre-filing application with the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity for construction, operation and maintenance of a new 30,000 gallon water tank in the Glenwood Forest community, 32,500 L.F. of 8" water line and 2,000 L.F. of 6" water line in the southern portion of its water distribution system and improvements to its Bunker Hill Water Treatment Plant and LeFevre Spring Source.

The total cost of the Project is estimated not to exceed $5,000,000.

The District intends to finance the costs of the Project from the issuance of Water Revenue Bonds in amounts not to exceed $5,000,000 at interest rates not to exceed 7.0% for a period not in excess of 40 years. In addition, the District may obtain interim construction period financing in amounts not to exceed $1,500,000 at interest rates not to exceed 10% for a period not in excess of 2 years.

The estimated rates to be charged are anticipated not to exceed the following:

AVAILABILITY

Available for general domestic, commercial and industrial service.

RATES

First 3,000 gallons used per month $4.97 per thousand gallons.
Next 2,000 gallons used per month $4.62 per thousand gallons.
Next 5,000 gallons used per month $4.23 per thousand gallons.
Next 90,000 gallons used per [illegible] per thousand

[illegible] for fire use, payable annually:
[illegible] inch openings, each $10.00
[illegible] 2.5 inch openings, each $15.63
[illegible] 1.5 inch openings, each $22.50

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, a ten percent (10%) charge shall [illegible] to the net current

Certificate of Publication

This is to certify the annexed advertisement

~~BC Public Svc District~~

Notice of filing

appeared for 2 consecutive days/weeks in The Journal Publishing Company, a newspaper published in the City of Martinsburg, WV in its issue beginning:

12/14

and ending

12/21

The Journal
207 W. King Street
Martinsburg, WV 25401

Fee $ 146.09

THE STATE OF WEST VIRGINIA
COUNTY OF BERKELEY

The foregoing instrument was acknowledged before me this 12-26-10 by [illegible]

My commission expires Oct. 13, 2010

Deborah E. Spaulding
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DEBORAH E. SPAULDING
[illegible] Wood Drive
[illegible]wood, WV 25428
[illegible] Expires Oct. 13, 2010

...UM CHARGES PER ...ONTH

...inch meter $14.91 per month

1 inch meter $37.28 per month

1 1/2 inch meter $74.55 per month

2 inch meter $119.28 per month

3 inch meter $223.65 per month

4 inch meter $372.75 per month

6 inch meter $745.50 per month

8 inch meter $1,192.80 per month

FIRE HYDRANTS

Annual rental of $50.00 per hydrant, payable in twelve monthly installments

Sprinkler heads, $.25 each, payable annually;

Hose connections, for fire use only, payable annually:

1 inch openings, each $10.00

1.25 inch openings, each $15.00

1.5 inch openings, each [illegible]

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, a ten percent (10%) charge shall be added to the net current amount unpaid. This delayed payment penalty is not interest, is due only to be collected once on each bill where it is applicable.

RECONNECTION FEE $10.00

WATER DISCONNECT RECONNECT FEE

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of $10.00 shall be charged. Whenever water service which has been previously disconnected or otherwise withheld for non-payment of sewer bills is reconnected, a fee of $10.00 shall be charged.

[illegible] CONNECTION [illegible]

[illegible] connection fee of [illegible] shall be paid for all [illegible] connections [illegible]

[illegible] will be submitted for [illegible] of the Public Service Commission of West Virginia [illegible] a formal application. It is anticipated that the formal application will be filed thirty days after the second publication of this notice, upon which formal application the Public Service Commission of West Virginia may grant its consent and approval for the certificate and the plan of financing (under the provisions of Chapter 16 and Chapter 24 of the Code of West Virginia). Such approval may be granted without hearing if no protest is received by the Public Service Commission within thirty (30) days of the filing of the formal application. Written protests should be directed to Ms. Sandra Squire, Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, Post Office Box 812, Charleston, WV 25323.

Berkeley County Public Service District

By: Daniel Campbell, General Manager

My commission expires [illegible] 12, 2010

Deborah E. Spaulding

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DEBORAH E. SPAULDING
114 Running Wood Drive
Inwood, WV 25428
My Commission Expires Oct. 13, 2010

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Board of Director's Meeting
Special Meeting
Hedgesville Office

Tuesday, July 3, 2001
5:00 p.m.

The Board of Director's met at the Hedgesville office at 5:00 p.m. for the purpose of organizing the Board, approving by-laws, and approving bond documents. Bill Alexander called the meeting to order and welcomed everyone.

Present: Board Members Bill Alexander, Bill Stubblefield, Howard Collins, Bruce Dorsey; Bond Counsel Vince Collins; BCPSD-Opequon Manager Richard Beegle; BCPSD-Bunker Hill Manager/Interim Executive Director Greg Music; Recording Secretary Jill Unger.

Approval of Rules of Procedures (By-Laws)

Vince Collins went over the form "Rules of Procedures". He stressed the need to post meetings in an adequate amount of time before a meeting, which is 48 hours (not including weekends or holidays). Posting needs to include the date, time, place and agenda. If it is a special meeting, the purpose needs to be stated.

He recommends posting a permanent notice of the meeting schedule at the required locations, and just attach an agenda before each meeting. He will devise the notice.

If proper posting procedures are not followed, and someone questions a meeting, any action taken at that meeting can be nullified. There is a 120-day statute of limitations.

Vince Collins also cautioned to use Executive Session carefully, as anything recorded is public record.

Under Article V--Officers, will add that Board can have a recording secretary. The recording secretary will keep record of all minutes, but is not a member of the Board and has no voting privileges. Also need to differentiate between the "Board Secretary" and "Recording Secretary".

Regarding the subject of adding "water" in the name of the District—Vince explained that the statute says a name cannot be changed once bonds are issued in the original name. Can add a "d.b.a.". Also, can add the word "water" on letterhead and similar items, but not on legal documents, checks, etc.

Discussed making the entire document "gender neutral".

After much discussion on the various aspects of the Rules of Procedures, Vince advised that each one present take their copy home to review. He will take care of making the necessary changes, as discussed. However, need to adopt the Rules of Procedures as presented thus far, pending the requested changes.

Motion made to accept the Rules of Procedure this date, as modified by Vince Collins, and subject to receiving the final draft.

Motion—Bill Stubblefield
Second—Howard Collins
Passed—Unanimously

Elections of Officers

Motion made that the Officers from the Advisory Board be moved to the capacity of the permanent Board of Directors as follows:

Chairman—Bill Alexander
Vice-Chairman—Bruce Dorsey
Secretary—Bill Stubblefield
Treasurer—Howard Collins
Parliamentarian—Wayne Dunham

Motion—Bill Stubblefield
Second—Bruce Dorsey
Passed—Unanimously

Approval of Merger Documents with Bond Counsel

Vince Collins went over documents and resolution. Motion made to accept the resolution.

Motion—Bruce Dorsey
Second—Bill Stubblefield
Passed—Unanimously

Good of the Order. Set meeting dates & places.

After a brief discussion, motion made to approve holding the two Regular Meetings on the second and fourth Monday of each month at 5:00 p.m., and rotate the location between the three offices month-by-month. (Will begin the rotation by holding July's meetings at the

Hedgesville office, August's at the Opequon office, and September's at the Bunker Hill office.) Special meetings will be scheduled as needed.

Motion—Bill Stubblefield
Second—Bruce Dorsey
Passed—Unanimously

Mr. Alexander to submit a memo for payment to the Board Members for the meetings attended, to Jill Unger, Financial Records Clerk at the Bunker Hill office, each month.

Greg Music brought up the subject that Jill would rather be able to take time off, in lieu of payment, for any Special Meetings (comp-time) due to the time she is away from her family for work and meetings already. Motion made and amended that Jill Unger, Recording Secretary, be paid for two regular meetings a month, and will discuss whether to handle any Special Meetings with pay or to be turned in as overtime for comp-time, at next meeting.

Motion—Bill Stubblefield
Second—Bruce Dorsey
Passed—Unanimously

Mr. Beegle reported that the Maryland Water Intake Permit had some flaws, as did some of the permits for the Department of Highways. Chester Engineers, who are taking care of all permits, need to be notified to fix it. Mr. Beegle to prepare a letter for the Board to sign at the next meeting and give to Chester Engineers.

Mr. Beegle asked when he is to be in place as the District Engineer, and begin the associated duties. Will use September 1, which is the same date the Executive Director will start. However, can oversee the engineering of projects and developers, etc. now, so as to be up-to-date on them on September 1.

Approval of Minutes of June 14, 2001 and June 21, 2001

Motion made for approval of minutes of June 14, 2001.
Motion—Bruce Dorsey
Second—Howard Collins
Passed—Unanimously

Due to a problem with e-mail, the June 21 minutes were not available, and will be presented for approval at the next meeting.

There being no further business, motion made for adjournment.

Bill Alexander
Chairman

Bill Stubblefield
Secretary

Jill Unger
Recording Secretary

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

MINUTES ON ADOPTION OF BOND RESOLUTION

The undersigned SECRETARY of the Public Service Board of Berkeley County Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Berkeley County Public Service District met in special session, pursuant to notice duly posted, on the 15th day of October, 2001, in Martinsburg, West Virginia, at the hour of 5:00 p.m.

PRESENT:	Chairman	-	William T. Alexander, II
	Vice-Chairman	-	Calvin B. Dorsey
	Secretary	-	William L. Stubblefield
	Treasurer	-	Howard W. Collins
	Parliamentarian	-	D. Wayne Dunham

ABSENT: None.

William T. Alexander, II, Chairman, presided, and William L. Stubblefield acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE

DISTRICT OF NOT MORE THAN $4,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN 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, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

*** *** ***

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Berkeley County Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 25th day of October, 2001.

Secretary

10/12/01
067740/00004

CH479166.2

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Berkeley County Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Berkeley County Public Service District met in special session, pursuant to notice duly posted, on the 22nd day of October, 2001, in Martinsburg, West Virginia, at the hour of 5:00 p.m.

PRESENT:	Chairman	-	William T. Alexander, II
	Vice-Chairman	-	Calvin B. Dorsey
	Secretary	-	William L. Stubblefield
	Treasurer	-	Howard W. Collins
	Parliamentarian	-	D. Wayne Dunham
ABSENT:	None.		

William T. Alexander, II, Chairman, presided, and William L. Stubblefield acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Supplemental Resolution relative to the District's Series 2001 A Bonds in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF BERKELEY COUNTY PUBLIC SERVICE

DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

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

*** *** ***

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Berkeley County Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 25th day of October, 2001.

Secretary

10/20/01
067740/00004

CH480891.2

NOTICE OF
PUBLIC MEETING OF THE
PUBLIC SERVICE BOARD
OF
BERKELEY COUNTY
PUBLIC SERVICE DISTRICT

A regular meeting of the Public Service Board of Berkeley County Public Service District (the "District") will be held to consider for adoption the following-entitled Resolution and to take such other action as necessary in relation thereto, on Monday, October 15, 2001, at 5:00 p.m., prevailing time, at the District's office located at 275 Monroe Avenue, Martinsburg, Berkeley County, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $4,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby: The proceeds of the Bonds will be used to provide permanent financing of the costs of acquiring and constructing certain additions, improvements and extensions to the existing waterworks facilities of the District and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the District.

At the meeting the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: October 2, 2001.

WILLIAM L. STUBBLEFIELD
Secretary

10-5

Certificate of Publication

This is to certify the annexed advertisement

Steptoe & Johnson

Berkeley County Public Service Dis

appeared for 1 consecutive days/weeks in The Journal Publishing Company, a newspaper published in the City of Martinsburg, WV in its issue beginning:

10/5

and ending

The Journal
207 W. King Street
Martinsburg, WV 25401

Fee $ 51.70

THE STATE OF WEST VIRGINIA
COUNTY OF BERKELEY

The foregoing instrument was acknowledged before me this 10/15/01 by Kathi A. Schramm

My commission expires 10/13/10

Deborah E. Spaulding
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DEBORAH E. SPAULDING
114 Running Wood Drive
Inwood, WV 25428
My Commission Expires Oct. 13, 2010

Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority — If Amended Return, check here ▶ ☐

1 Issuer's name: Berkeley County Public Service District

2 Issuer's employer identification number: 55 6008864

3 Number and street (or P.O. box if mail is not delivered to street address): 275 Monroe Street — Room/suite:

4 Report number: 3 2001- 1

5 City, town, or post office, state, and ZIP code: Martinsburg, WV 25401

6 Date of issue: October 25, 2001

7 Name of issue: Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority)

8 CUSIP number: N/A

9 Name and title of officer or legal representative whom the IRS may call for more information: John Stump, Esquire

10 Telephone number of officer or legal representative: (304) 353-8196

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☒ Environment (including sewage bonds)	15	2,010,000
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	

19 If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐

20 If obligations are in the form of a lease or installment sale, check box ▶ ☐

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10/1/2039	$ 2,010,000	$ 124,841	25.745 years	5.8003746 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest		22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))		23	2,010,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24 37,200		
25	Proceeds used for credit enhancement	25 -0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26 132,082		
27	Proceeds used to currently refund prior issues	27 -0-		
28	Proceeds used to advance refund prior issues	28 -0-		
29	Total (add lines 24 through 28)		29	169,282
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)		30	1,840,718

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ N/A years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ N/A years

33 Enter the last date on which the refunded bonds will be called ▶ N/A

34 Enter the date(s) the refunded bonds were issued ▶ N/A

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☒ and enter the name of the issuer ▶ West Virgina Water Development Authority and the date of the issue ▶ June 15, 1999

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of issuer's authorized representative — Date: 10/25/01 — Type or print name and title: William T. Alexander, II, Chairman

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

NEW ISSUE REPORT FORM

Date of Report: October 25, 2001

ISSUE: Berkeley County Public Service District Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority).

ADDRESS: 275 Monroe Street, Martinsburg, WV 25401 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X
Refunding: N/A

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: October 25, 2001

CLOSING DATE: October 25, 2001

ISSUE AMOUNT: $ 2,010,000

RATE: 5.8%

1ST DEBT SERVICE DUE: April 1, 2002

1ST PRINCIPAL DUE: October 1, 2002

1ST DEBT SERVICE AMOUNT: $50,518.00

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: City National Bank of West Virginia
Contact Person: Becky Linton
Phone: (304) 264-4560

ESCROW TRUSTEE:
Contact Person:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Paul S. Fisher
Position: Executive Director
Phone: (304) 267-3855

OTHER: Water Development Authority
Contact Person: Daniel B. Yonkosky
Function: Executive Director
Phone: (304) 558-3612

DEPOSITS TO MBC AT CLOSE:
By: X Wire
Check

Accrued Interest: $
X Capitalized Interest: $ 65,000
X Reserve Account: $ 132,082
Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: Wire
Check
IGT

To Escrow Trustee: $
To Issuer $
To Cons. Invest. Fund $
To Other: $

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

CH474276.3

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

City National Bank of West Virginia, a national banking corporation, with a principal office in Martinsburg, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Berkeley County Public Service District (the "Issuer"), adopted October 15, 2001, and a Supplemental Resolution of the Issuer adopted October 22, 2001 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, in the principal amount of $2,010,00 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature this 25th day of October, 2001.

CITY NATIONAL BANK OF WEST VIRGINIA

By: M Rebecca Sutton
Its: Authorized Officer

10/20/01
067740/00004

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Berkeley County Public Service District Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, in the principal amount of $2,010,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 25th day of October, 2001.

BRANCH BANKING AND TRUST COMPANY

By: Charlotte A. Morgan
Its: Assistant Vice President

10/20/01
067740.00004

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BOND

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), of Berkeley County Public Service District (the "Issuer"), hereby certifies that on the day hereof, the single, fully registered Berkeley County Public Service District Water Revenue Bond, Series 2001 A (West Virginia Water Development Authority), of the Issuer, dated October 25, 2001, in the principal amount of $2,010,000, numbered AR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of Branch Banking and Trust Company, as Registrar.

WITNESS my signature on this 25th day of October, 2001.

BRANCH BANKING AND TRUST COMPANY

By: Charlotte S. Morgan
Its: Assistant Vice President

10/20/01
067740.00004

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2001 A
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 25th day of October, 2001, by and between BERKELEY COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $2,010,000 Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), in fully registered form (the "Bonds"), pursuant to a Bond Resolution of the Issuer adopted October 15, 2001, and a Supplemental Resolution of the Issuer adopted October 22, 2001 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

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

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	Berkeley County Public Service District 275 Monroe Avenue Martinsburg, West Virginia 25401 Attention: Chairman
REGISTRAR:	Branch Banking and Trust Company 300 Summers St., 5th Floor Charleston, West Virginia 25301 Attention: Corporate Trust Department

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

9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

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

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

BRANCH BANKING AND TRUST COMPANY

By: _____
Its: Assistant Vice President

09/18/01
067740.00004

EXHIBIT A

Bond Legislation included in transcript as Documents No. 1 and 2

SCHEDULE OF COMPENSATION

(See Attached)

BB&T

Branch Banking & Trust Co.

Trust Department

300 Summers Street
P.O. Box 1793
Charleston, WV 25326
(304) 348-7081
(800) 336-5450

October 25, 2001

Berkeley County Public Service District
Attention: Chairman
275 Monroe Avenue
Martinsburg, WV 25401

RE: Invoice

BERKELEY COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

One time fee for services as Registrar and Authenticating Agent..... $250.00

Please forward remittance to:

Branch Banking and Trust Co.
Attn: Charlotte S. Morgan
P. O. Box 1793
Charleston WV 25326

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto The Bank of New York, New York, New York, the Water Revenue Bonds, Series 2001 (West Virginia Water Development Authority), of Berkeley County Public Service District (the "Governmental Agency"), dated October 25, 2001, issued in the principal amount of $2,010,000, numbered R-1, standing in the name of the West Virginia Water Development Authority on the books of registration of the Governmental Agency.

Dated this 25th day of October, 2001.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B. Meadows
Authorized Representative

10/17/01
000832/00693

M0349598.1

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
LOAN PROGRAM II
REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

TO: THE BANK OF NEW YORK, Trustee

A. Name of Governmental Agency to which payment is to be made: Berkeley County Public Service District (the "Governmental Agency")

B. (i) Par amount: $2,010,000
(ii) Total amount to be paid: $2,010,000

C. Certification by West Virginia Water Development Authority (the "Authority") for its Loan Program II.

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the Governmental Agency, dated as of October 25, 2001 (the "Loan Agreement"), the Governmental Agency has sold its Water Revenue Bonds, Series 2001 (West Virginia Water Development Authority) (the "Local Bonds"), to the Authority in the principal amount equal to the amount of the Loan set forth in (B) (i) above, that the Governmental Agency is obligated to make Local Bond Payments and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that the Governmental Agency is not in default under any of the terms or provisions of the Loan Agreement.

I further certify that the Local Bond Payments, and other moneys available therefor, will be sufficient to pay interest on and Principal Installments of the Local Bonds, the proceeds of which were used to fund the Loan Obligations, as such interest and Principal Installments come due.

The above certification complies with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.

Dated this 25th day of October, 2001.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

10/17/01
000832/00693

M0349597.1

PRIOR RESOLUTIONS

For a copy of each of the below listed resolutions, please refer to the closing transcript for the specific bond issue, all of which are on file with the Issuer:

(a) Series 1993 A Bond Resolution and Supplemental Resolution

(b) Series 1993 B Bond Resolution and Supplemental Resolution (formerly, Hedgesville PSD)

(c) Series 1993 C Bond Resolution and Supplemental Resolution (formerly, Hedgesville PSD)

(d) Series 1993 D Bond Resolution and Supplemental Resolution (formerly, Opequon PSD)

(e) Series 1994 Bond Resolution and Supplemental Resolution

(f) Series 1996 Bond Resolution and Supplemental Resolution (formerly, Hedgesville PSD)

(g) Series 1997 Bond Resolution and Supplemental Resolution (formerly, Opequon PSD)

(h) Series 2001 Note Resolution and Supplemental Resolution (formerly, Hedgesville PSD)

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

Berkeley County Public Service District
Water Revenue Bond, Series 2001 A
(West Virginia Water Development Authority)

CONSENT

In reliance upon the certificate of Cox Nichols Hollida, LLP, independent certified public accountants, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), holder of the Water Revenue Bonds, Series 1993 B, Water Revenue Bonds, Series 1993 D, Water Revenue Bonds, Series 1996, and Water Revenue Bonds, Series 1997 (collectively, the "WDA First Lien Bonds") and the Water Revenue Bonds, Series 1993 C (the "WDA Second Lien Bonds"), hereby consents to the issuance of the Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority) (the "Bonds"), in the original aggregate principal amount of $2,010,000, by Berkeley County Public Service District (the "Issuer"), under the terms of the Resolution authorizing the Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's WDA First Lien Bonds and senior and prior to the WDA Second Lien Bonds, as more fully described in the Resolution.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Daniel B. Lyonboskey
Authorized Representative

10/20/01
067740.00004

CH480892.1

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418 CHARLESTON, WEST VIRGINIA 25301-2616
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Water) Water System Improvements PERMIT NO.: 14,630

LOCATION: Bunker Hill COUNTY: Berkeley DATE: 9-15-2000

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Berkeley County Public Service District
Post Office Box 389
Bunker Hill, West Virginia 25413

is hereby granted approval to: install approximately 32,500 LF of 8" and 2,000 LF of 6" water mains; replace the existing water storage tank and control building at Glenwood Forest Subdivision with a new 30,000 gallon water storage tank and a new control building; and at the Bunker Hill water treatment plant install a cover over the Lefevre Spring, install a new outlet structure for the Lefevre Spring, install a new raw water pump station, finished water pump building, a standby electrical generator and all necessary piping, valves, controls and appurtenances.

The new water distribution lines will complete a major loop in the southern portion of the Berkeley County Public Service District water distribution system. The work at the Bunker Hill water treatment plant and at the Glenwood Forest Subdivision will improve the reliability of the water facilities.

NOTE: **This permit is contingent upon: 1) All new water lines being disinfected, flushed and bacteriologically tested, prior to use; and 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum eighteen (18) inches vertical separation between crossing sewer and water lines, with the water line above the sewer line.**

The Environmental Engineering Division of the Kearneysville District Office (telephone 304-725-9453) is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:cmh

pc: Dewberry & Davis LLC
James W. Ellars, P.E., PSC-Engineering Division
Berkeley County Health Department
OEHS-EED Kearneysville District Office

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **October 25, 2001**

Re: **Berkeley County Public Service District Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority)**

1. DISBURSEMENTS TO BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Payor:	West Virginia Water Development Authority
Amount:	$1,812,918
Form:	Wire Transfer
Payee:	Berkeley County Public Service District
Bank:	City National Bank of West Virginia
Routing #:	051904524
Account #:	8001727059
Contact:	Ms. Becky Linton ((304) 264-4560)
Account:	Series 2001 A Bonds Construction Trust Fund

2. DISBURSEMENTS BY WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ON BEHALF OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT TO MUNICIPAL BOND COMMISSION

A.

Payor:	West Virginia Water Development Authority	
Amount:	$197,082	
Form:	Wire Transfer	
Payee:	West Virginia Municipal Bond Commission	
Bank:	Branch Banking and Trust Company	
Routing #:	051503394	
Account #:	5270517317	
Contact:	West Virginia State Treasurer for the West Virginia Municipal Bond Commission	
Memo:	Fund Series 2001 A Bonds Reserve Account and deposit six (6) months capitalized interest in the Series 2001 A Bonds Sinking Fund	
Allocation:	Reserve Account	$132,082
	Sinking Fund	$ 65,000

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE, CHARLESTON WV 25311-1571

TELEPHONE: 304/558-3612
TELECOPIER: 304/558-0299

BOND CLOSING ATTENDANCE LIST

Date October 25, 2001 Time 9:30 a.m. Name of LGA Berkeley County PSD

Program WDA

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX
Barbara B. Meadows	Water Development Authority	558-3612	558-0299
Daniel B. Yankosky	W V WDA	558-3612	558-0299
John C Stump	Steptoe & Johnson	5353-8196	353-8180
Sammie Gee	Jackson & Kelly PLLC	340-1318	340-1080

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Paul S. Fisher, Executive Director Telephone No. 304-267-3855

Address 275 Monroe Street, Martinsburg, West Virginia 25401

***REMINDER*: As a participant in this program, the Local Governmental Agency (the "LGA") agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the Non-Arbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.**