BERKELEY COUNTY
PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

DATE OF CLOSING:

August 14, 2003

BOND TRANSCRIPT

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BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
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BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

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BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

RESOLUTION AUTHORIZING THE PURCHASE AND ACQUISITION OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $350,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22 C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be purchased and acquired certain additions, improvements and extensions to the existing public sewerage system of the Issuer, consisting of a main line sewer extension to serve the Locust Drive and Elizabeth Station Subdivision, together with all permits, licenses and certificates and all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the Project, the existing public sewerage system of the Issuer and any further additions or improvements thereto or extensions thereof are herein called the "System"), in accordance with the Alternate Main Line Extension Agreements (collectively, the "Agreement") between the Issuer and the owners of the facilities constituting the Project.

C. The Issuer intends to permanently finance such costs of acquisition of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund (the "SRF Program"), pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), in the aggregate principal amount of not more than $300,000 (the "Series 2003 A Bonds"), for the Elizabeth Station portion of the Project, and its Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), in the aggregate principal amount of not more than $350,000 (the "Series 2003 B Bonds"), for the Locust Drive portion of the Project, each of which shall initially be represented by a single bond, to permanently finance the costs of acquisition of the Project (collectively, the "Series 2003 Bonds"). Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2003 Bonds prior to and during acquisition of the Project and for a period not exceeding 6 months after completion of acquisition of the Project; amounts which may be deposited in the respective Series 2003 Bonds Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2003 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, any costs or expenses in obtaining releases or otherwise relating to payment of existing debt in connection with the

Project, the acquisition 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 2003 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 acquisition of the Project is not less than 35 years.

F. It is in the best interests of the Issuer that its Series 2003 Bonds be sold to the Authority pursuant to the terms and provisions of the respective loan agreements by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2003 Bonds as to liens, pledge and source of and security for payment, which obligations are designated and have the lien positions with respect to the Series 2003 Bonds as follows:

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

	Designation	Lien Position
9.	Sewer Revenue Bonds, Series 1996 C (West Virginia SRF Program), dated May 1, 1996, issued in the original aggregate principal amount of $837,579 (the "Series 1996 C Bonds")	First Lien
10.	Sewer Revenue Bonds, Series 1996 D, dated June 15, 1996, issued in the original aggregate principal amount of $4,770,000 (the "Series 1996 D Bonds")	First Lien
11.	Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated June 12, 1997, issued in the original aggregate principal amount of $148,000 (the "Series 1997 A Bonds")	First Lien
12.	Sewer Revenue Bonds, Series 1997 B (West Virginia SRF Program), dated December 11, 1997, issued in the original aggregate principal amount of $1,250,000 (the "Series 1997 B Bonds")	First Lien
13.	Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated October 28, 1999, issued in the original aggregate principal amount of $30,707,296 (the "Series 1999 A Bonds")	First Lien
14.	Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated May 25, 2000, issued in the original aggregate principal amount of $937,500 (the "Series 2000 A Bonds")	First Lien
15.	Sewer Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated March 30, 2001, issued in the original aggregate principal amount of $429,000 (the "Series 2001 A Bonds")	First Lien
16.	Sewer Revenue Bonds, Series 2001 B (West Virginia SRF Program), dated August 7, 2001, issued in the original aggregate principal amount of $2,909,850 (the "Series 2001 B Bonds")	First Lien

	Designation	Lien Position
17.	Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), dated May 9, 2002, issued in the original aggregate principal amount of $750,000 (the "Series 2002 A Bonds")	First Lien
18.	Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated July 11, 2002, issued in the original aggregate principal amount of $456,548 (the "Series 2002 B Bonds")	First Lien
19.	Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program), dated August 28, 2002, issued in the original aggregate principal amount of $30,500,000 (the "Series 2002 C Bonds")	First Lien
20.	Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority), dated August 28, 2002, issued in the original aggregate principal amount of $4,965,465 (the "Series 2002 D Bonds")	First Lien
21.	Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority), dated August 28, 2002, issued in the original aggregate principal amount of $560,822 (the "Series 2002 E Bonds")	First Lien
22.	Sewer Revenue Bonds, Series 1990 B, dated May 3, 1990, issued in the original aggregate principal amount of $38,669 (the "Series 1990 B Bonds")	Second Lien
23.	Sewer Revenue Bonds, Series 1994 B, dated December 1, 1994, issued in the original aggregate principal amount of $1,500,000 (the "Series 1994 B Bonds")	Third Lien
24.	Sewerage System Bond Anticipation Notes, Series 1999 A (West Virginia Infrastructure Fund), dated October 28, 1999, issued in the original aggregate principal amount of $2,000,000 (the "Notes")	Fourth Lien

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

The Series 2003 Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds with respect to liens, pledge and source of security for payment and in all other respects. The Issuer has met the coverage and parity requirements for issuance of parity bonds of the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2003 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds have been met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2003 Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Second Lien Bonds and the Fourth Lien Bonds to the issuance of the Series 2003 Bonds on a senior and prior basis to the Second Lien Bonds and the Fourth Lien Bonds. Prior to the issuance of the Series 2003 Bonds, the Issuer will provide written notice to the Holders of the Third Lien Bonds regarding the issuance of the Series 2003 Bonds on a senior and prior basis to the Third Lien Bonds, there being no consent requirement. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. Pursuant to the Agreement, the developers of the Project will provide a letter of credit to further secure the Series 2003 Bonds.

H. The estimated revenues to be derived in each year following acquisition 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, if any, on the Bonds, and to make into all funds and accounts and other payments provided for herein, all as such terms are hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements relating to authorization of the purchase, acquisition, construction and operation of the Project and the System and the issuance of the Series 2003 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council (the "Council") and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary

user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2003 Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been reviewed and approved by the West Virginia Infrastructure and Jobs Development Council pursuant to 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 2003 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2003 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 2 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Agreement" means, collectively, the Alternate Main Line Extension Agreement dated April 24, 2003 by and between the Issuer and Larry Faircloth Realty, Inc., for the Elizabeth Station portion of the Project and the Alternative Main Line Extension Agreement dated September 9, 2001, by and between the Issuer and Phil Cogar Excavating, Inc. for the Locust Drive portion of the Project.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2003 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

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

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

"Bonds" means, collectively, the Series 2003 Bonds, the First Lien Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2003 Bonds for all or a portion of the proceeds of the Series 2003 Bonds from the Authority.

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

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

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

"Consulting Engineers" means Yebernetsky, Roberts & Stansbury, Inc., Inwood, West 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 of the Project.

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

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

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

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

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

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

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

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

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

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

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

"Loan Agreements" means, collectively, the respective loan agreements heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2003 Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized, directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2003 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the respective Series 2003 Bonds Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2003 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.

"Notes" means the Notes described in Section 1.02G hereof.

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

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2003 Bonds in the Supplemental Resolution.

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

"Prior Bonds Reserve Accounts" means, collectively, the respective reserve accounts established at the Commission for the Prior Bonds.

"Prior Bonds Sinking Funds" means, collectively, the respective sinking funds established at the Commission for the payment of the Prior Bonds.

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

the Series 1995 A Bonds; the resolution of the Issuer adopted December 18, 1995, authorizing the Series 1995 B Bonds; the resolution of the Issuer adopted February 8, 1996, authorizing the Series 1996 A Bonds; the resolution of the Issuer adopted April 29, 1996, authorizing the Series 1996 B Bonds and the Series 1996 C Bonds; the resolution of the Issuer adopted June 11, 1996, authorizing the Series 1996 D Bonds; the resolution of the Issuer adopted June 6, 1997, authorizing the Series 1997 A Bonds; the resolution of the Issuer adopted December 9, 1997, authorizing the Series 1997 B Bonds; the resolution of the Issuer adopted October 26, 1999, authorizing the Series 1999 A Bonds and the Notes; the resolution of the Issuer adopted May 23, 2000, authorizing the Series 2000 A Bonds; the resolution of the Issuer adopted March 27, 2001, authorizing the Series 2001 A Bonds; the resolution of the Issuer adopted July 31, 2001, authorizing the Series 2001 B Bonds; the resolution of the Issuer adopted May 7, 2002, authorizing the Series 2002 A Bonds; the resolution of the Issuer adopted July 2, 2002, authorizing the Series 2002 B Bonds; and the resolution of the Issuer adopted August 27, 2002, authorizing the Series 2002 C Bonds, the Series 2002 D Bonds and the Series 2002 E Bonds.

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Registrar" means, the Bond Registrar.

"Regulations" means the 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.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2003 A Bonds, the Series 2003 B Bonds and certain of the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Series 2003 A Bonds, the Series 2003 B Bonds and certain of the Prior Bonds.

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

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

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

"Series 2003 Bonds" means, collectively, the Sewer Revenue Bonds, Series 2003 A Bonds and the Series 2003 B Bonds of the Issuer, authorized by this Resolution.

"Series 2003 Bonds Reserve Accounts" means, collectively, the Series 2003 A Bonds Reserve Account and the Series 2003 B Bonds Reserve Account.

"Series 2003 Sinking Funds" means, collectively, the Series 2003 A Bonds Sinking Fund and the Series 2003 B Bonds Sinking Fund.

"Series 2003 A Bonds" means the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2003 A Bonds Construction Trust Fund" means the Series 2003 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2003 A Bonds Reserve Account" means the Series 2003 A Bonds Reserve Account established in the Series 2003 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2003 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2003 A Bonds in the then current or any succeeding year.

"Series 2003 A Bonds Sinking Fund" means the Series 2003 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2003 B Bonds" means the Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2003 B Bonds Construction Trust Fund" means the Series 2003 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2003 B Bonds Reserve Account" means the Series 2003 B Bonds Reserve Account established in the Series 2003 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2003 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2003 B Bonds in the then current or any succeeding year.

"Series 2003 B Bonds Sinking Fund" means the Series 2003 B Bonds Sinking Fund established by Section 5.02 hereof.

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2003 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2003 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Bond Legislation to be set aside and held for the payment of or security for the Series 2003 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and

any additions, improvements and extensions thereto hereafter constructed or acquired for 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.

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

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

ARTICLE II

AUTHORIZATION OF PURCHASE AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Purchase and Acquisition of the Project. There is hereby authorized and ordered the purchase and acquisition of the Project, at an estimated cost of $650,000, constructed in accordance with the plans, specifications and designs prepared by the Consulting Engineers, as set forth in the Agreement. The Project has been constructed 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 2003 Bonds hereby authorized shall be applied as provided in Article VI hereof. The terms of the Agreement are compatible with the financing plan submitted to the SRF Program. The execution and delivery of the Agreement, together with all instruments and other documents relating thereto, are hereby authorized, approved and directed.

The cost of the Project is estimated to be $650,000, of which $300,000 will be obtained from proceeds from the Series 2003 A Bonds and $350,000 will be obtained from proceeds from the Series 2003 B Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2003 Bonds, funding the Series 2003 Bonds Reserve Accounts, paying costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2003 Bonds and related costs, or any one or more of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2003 Bonds of the Issuer. The Series 2003 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program)," in an aggregate principal amount of not more than $300,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 2003 B Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program)," in an aggregate principal amount of not more than $350,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the respective Series 2003 Bonds remaining after funding of the respective Series 2003 Bonds Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the respective Series 2003 Bonds, if any, shall be deposited in or credited to the respective Series 2003 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 2003 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the respective Loan Agreements. The Series 2003 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 2003 Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution or herein, the respective Series 2003 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached thereto, representing the aggregate principal amount of each respective series of Series 2003 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2003 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Series 2003 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 2003 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 2003 Bonds shall cease to be such officer of the Issuer before the Series 2003 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 2003 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 2003 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution 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 2003 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 2003 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 any of the Series 2003 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 the Series 2003 Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2003 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2003 Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any of the Series 2003 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2003 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2003 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2003 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of debt service of the Series 2003 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Second Lien Bonds, the Third

Lien Bonds and the Fourth Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2003 Bonds and the Prior Bonds and to make all other payments provided for in this 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 2003 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2003 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which each series of Series 2003 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the respective Series 2003 Bonds to the original purchasers;

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

D. Executed copies of the Loan Agreements; and

E. The unqualified approving opinion of bond counsel on the Series 2003 Bonds.

Section 3.10. Form of Bonds. The text of the respective Series 2003 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2003 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BOND, SERIES 2003 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

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

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 The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month 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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 20___.

This Bond is issued (i) to pay the costs of purchase and acquisition of certain previously constructed sewer facilities, constituting improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

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

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

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

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

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

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

(6) SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 29, 1995,

ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,138,506 (THE "SERIES 1995 B BONDS");

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

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

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

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

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

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

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

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

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

(16) SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA SRF PROGRAM) DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,707,296 (THE "SERIES 1999 A BONDS");

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

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

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

(20) SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) DATED AUGUST 28, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,965,465 (THE "SERIES 2002 D BONDS");

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

(22) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA (WEST VIRGINIA SRF PROGRAM) DATED _____, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2003 B BONDS").

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

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

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

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

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of the Net Revenues in favor of the holders of the First Lien Bonds, the Series 2003 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2003 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2003 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each

year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2003 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with 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 Huntington National Bank, Charleston, West Virginia, as registrar (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 the payment of the costs of the Project and costs of issuance described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2003.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 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: _____, 2003.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By _____
Its Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2003 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BOND, SERIES 2003 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-____ $_____

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

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 The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month 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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2003.

This Bond is issued (i) to pay the costs of purchase and acquisition of certain previously constructed sewer facilities, constituting improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

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

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

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

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

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

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

(6) SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 29, 1995, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,138,506 (THE "SERIES 1995 B BONDS");

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

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

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

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

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

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

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

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

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

(16) SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA INFRASTRUCTURE PROGRAM) DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,707,296 (THE "SERIES 1999 A BONDS");

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

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

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

(20) SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) DATED AUGUST 28, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,965,465 (THE "SERIES 2002 D BONDS");

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

(22) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) DATED _____, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2003 A BONDS").

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

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

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

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

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of the Net Revenues in favor of the holders of the First Lien Bonds, the Series 2003 A Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2003 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2003 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each

year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2003 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with 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 Huntington National Bank, Charleston, West Virginia, as registrar (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 the payment of the costs of the Project and costs of issuance described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2003.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2003.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By _____
Its Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreements. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation. The Series 2003 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreements in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer attest the same, and deliver the Loan Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Operation and Maintenance Fund (established by the Prior Resolutions);

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

(4) Series 2003 A Bonds Construction Trust Fund;

(5) Series 2003 B Bonds Construction Trust Fund; and

(6) 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 2003 A Bonds Sinking Fund;

(2) Series 2003 A Bonds Reserve Account;

(3) Series 2003 B Bonds Sinking Fund; and

(4) Series 2003 B Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts required by the Prior Resolutions (i) for deposit in the Series 1990 A Bonds Sinking Fund for the payment of the interest on the Series 1990 A Bonds; (ii) for deposit in the Series 1994 A Bonds Sinking Fund for the payment of the interest on the Series 1994 A Bonds; (iii) for deposit in the Series 1996 D Bonds Sinking Fund for payment of the interest on the Series 1996 D Bonds; (iv) for deposit in the Series 1997 A Bonds Sinking Fund for payment of the interest on the Series 1997 A Bonds; (v) for deposit in the Series 1997 B Bonds Sinking Fund for payment of the interest on the Series 1997 B Bonds;(vi) for deposit in the Series 2001 A Bonds Sinking Fund for payment of interest on the Series 2001 A Bonds; (vii) for deposit in the Series 2002 D Bonds Sinking Fund for payment of interest on the Series 2002 D Bonds; (viii) for deposit in the Series 2002 E Bonds for payment of interest on the Series 2002 E Bonds; (ix) commencing 3 months prior to the first day of payment of interest on the Series 2003 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2003 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2003 A Bonds on the next ensuing quarterly interest payment date; and (x) commencing 3 months prior to the first day of payment of interest on the Series 2003 B Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2003 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2003 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposits in the Series 2003 A Bonds Sinking Fund and the Series 2003 B Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly 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 of the First Lien Bonds the amounts required by the Prior Resolutions for payment of the principal of the First Lien Bonds; (ii) commencing 3 months prior to the first date of payment of principal of the Series 2003 A Bonds, for deposit in the Series 2003 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2003 A Bonds on the next ensuing quarterly principal payment date; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2003 B Bonds, for deposit in the Series 2003 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will

mature and become due on the Series 2003 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposits in the Series 2003 A Bonds Sinking Fund and the Series 2003 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Reserve Accounts of the First Lien Bonds, the amounts required by the Prior Resolutions; (ii) commencing 3 months prior to the first date of payment of principal of the Series 2003 A Bonds, if not fully funded upon issuance of the Series 2003 A Bonds, for deposit in the Series 2003 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2003 A Bonds Reserve Requirement; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2003 B Bonds, if not fully funded upon issuance of the Series 2003 B Bonds, for deposit in the Series 2003 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2003 B Bonds Reserve Requirement; provided that, no further payments shall be made into the respective Series 2003 Bonds Reserve Accounts when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the respective Series 2003 Bonds Reserve Requirement.

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

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

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

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

Monies in the Series 2003 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2003 A Bonds as the same shall become due. Monies in the Series 2003 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2003 A Bonds as the same shall come due, when other monies in the Series 2003 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Monies in the Series 2003 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2003 B Bonds as the same shall become due. Monies in the Series 2003 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2003 B Bonds as the same shall come due, when other monies in the Series 2003 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account shall be returned, after fully funded, not less than once each year, by the Commission to the Issuer, and such amounts, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2003 A Bonds and then to the next ensuing principal payment due thereon.

All investment earnings on monies in the Series 2003 B Bonds Sinking Fund and the Series 2003 B Bonds Reserve Account shall be returned, after fully funded, not less than once each year, by the Commission to the Issuer, and such amounts, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2003 B Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2003 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2003 A 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.

Any withdrawals from the Series 2003 B Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2003 B 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 2003 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the respective Series 2003 Bonds Sinking Funds or the respective Series 2003 Bonds Reserve Accounts when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2003 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2003 Bonds and the First Lien Bonds, thereafter, with respect to the Second Lien Bonds, thereafter, with respect to the Third Lien Bonds, and thereafter, with respect to the Fourth Lien Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the respective Series 2003 Bonds Sinking Funds and the respective Series 2003 Bonds Reserve Accounts created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the respective Series 2003 Bonds Sinking Funds and the respective Series 2003 Bonds Reserve Accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the respective Series 2003 Bonds Sinking Funds and the respective Series 2003 Bonds Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2003 A Bonds under the conditions and restrictions set forth herein.

The Series 2003 B Bonds Sinking Fund and the Series 2003 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2003 B Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2003 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 Resolution. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreements.

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

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

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

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

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

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS; DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. A. From the monies received from the sale of the Series 2003 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(1) From the proceeds of the Series 2003 A Bonds, there shall first be deposited with the Commission in the Series 2003 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

(2) Next, from the proceeds of the Series 2003 A Bonds, there shall be deposited with the Commission in the Series 2003 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2003 A Bonds Reserve Account.

(3) As the Issuer receives advances of the monies derived from the sale of the Series 2003 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2003 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2003 A Bonds.

(4) After acquisition of the Project, and all costs have been paid, any remaining proceeds of the Series 2003 A Bonds shall be used to fund the Series 2003 A Bonds Reserve Account, if not funded upon issuance of the Series 2003 A Bonds, in an amount not to exceed the Series 2003 A Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2003 A Bonds be deposited in the Series 2003 A Bonds Reserve Account. Any remaining proceeds thereafter shall be applied as directed by the DEP.

B. From the monies received from the sale of the Series 2003 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(1) From the proceeds of the Series 2003 B Bonds, there shall first be deposited with the Commission in the Series 2003 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

(2) Next, from the proceeds of the Series 2003 B Bonds, there shall be deposited with the Commission in the Series 2003 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2003 B Bonds Reserve Account.

(3) As the Issuer receives advances of the monies derived from the sale of the Series 2003 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2003 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2003 B Bonds.

(4) After acquisition of the Project, and all costs have been paid, any remaining proceeds of the Series 2003 B Bonds shall be used to fund the Series 2003 B Bonds Reserve Account, if not funded upon issuance of the Series 2003 B Bonds, in an amount not to exceed the Series 2003 B Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2003 B Bonds be deposited in the Series 2003 B Bonds Reserve Account. Any remaining proceeds thereafter shall be applied as directed by the DEP.

Section 6.02. Disbursements From the Series 2003 A and Series 2003 B Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2003 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Series 2003 A Bonds Construction Trust Fund and the Series 2003 B Bonds Construction Trust Fund shall be made only after submission to the DEP of the following (1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreements, and (2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, monies in the respective Series 2003 Bonds Construction Trust Funds, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2003 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 2003 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 2003 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2003 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 2003 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2003 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of debt service of the Series 2003 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest and other payments on the Series 2003 Bonds and the Prior Bonds and to make the other payments provided for in this 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 this Bond Legislation.

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

So long as the Series 2003 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreements. In the event the

schedule of rates and charges initially established for the System in connection with the Series 2003 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2003 Bonds are outstanding and except as otherwise required by law and 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 fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the respective Series 2003 Bonds, immediately be remitted to the Commission for deposit in the respective Series 2003 Bonds Sinking Fund and the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the respective Series 2003 Bonds. Any balance remaining after the payment of all the Bonds and interest, if any, thereon, shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds of any such sale shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. The payment of such proceeds into the Renewal and Replacement Fund or the Sinking Funds shall not reduce the amount required to be paid into such fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties

of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from 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 2003 Bonds. All obligations issued by the Issuer after the issuance of the Series 2003 Bonds and payable from revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2003 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 2003 Bonds, and the interest, if any, thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 2003 Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the DEP and 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 for the Project, 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 revenues of the System shall be issued after the issuance of the Series 2003 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 2003 Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

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

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

All covenants and other provisions of this Resolution (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 2003 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 2003 Bonds.

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

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

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

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

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

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

The Issuer shall file with the DEP and the Authority, or any other original purchasers of the respective Series 2003 Bonds, and shall mail in each year to any Holder or Holders of the respective Series 2003 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 with respect to the Series 2000 A Bonds 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 2003 Bonds and shall submit said report to the DEP and the Authority, or any other original purchasers of the Series 2003 Bonds. Such audit report submitted to the DEP, the Council and the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreements, the Act and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreements and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the DEP and the Authority, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. The Issuer shall also provide the DEP and the Authority, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the DEP and the Authority with respect to the System pursuant to the Act.

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

Section 7.09. Rates. Prior to the issuance of the Series 2003 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2003 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2003 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the respective Series 2003 Bonds Reserve Requirements are on deposit in the respective Series 2003 Bonds Reserve Accounts and the reserve accounts for obligations on a parity with or junior to the Series 2003 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2003 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2003 Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the DEP and 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 DEP, the Authority and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds, or anyone acting for and on behalf of such Holder of any Bonds.

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

Section 7.11. Engineering Services and Operating Personnel. Prior to the issuance of the Series 2003 Bonds, the Issuer shall obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreements, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the DEP and the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the DEP and the Authority is sufficient to pay the costs of purchase and acquisition of the Project, and all permits required by federal and state laws for acquisition, construction and operation of the Project have been obtained.

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

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

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

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

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer 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 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law or, if the waterworks facilities are not owned by the Issuer, the Issuer will use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer shall not render or cause to be rendered any free services of any nature by the System, or any part thereof, 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 Series 2003 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 Agreements, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract, if any, 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 System facilities 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 for every officer, member and employee of the Issuer having custody of the revenues or of any other funds

of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer shall acquire the Project simultaneously with the issuance of the Bonds 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 and 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. [RESERVED]

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2003 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 2003 Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior to the statutory mortgage lien in favor of the Holders of the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds.

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

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other federal, State or local bodies in regard to the purchase and acquisition 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 2003 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 DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2003 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2003 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Resolution, 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 Resolution, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2003 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 2003 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2003 Bonds as a condition to issuance of the Series 2003 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2003 Bonds as may be necessary in order to maintain the status of the Series 2003 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2003 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2003 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such

action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2003 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2003 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2003 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 2003 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2003 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and this 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 this 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 2003 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, the Third Lien Bonds and the Fourth Lien Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this Bond Legislation and the Act, including, 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 purchase and acquisition 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 do.

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 the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2003 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner set forth in the Bonds and/or this Bond Legislation, then this Bond Legislation and the pledges of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2003 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2003 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2003 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2003 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of the 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, if any, 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 respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2003 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the this Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of this 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 2003 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All orders and 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. Unless determined to be inapplicable to the Series 2003 Bonds, prior to making formal application to the Public Service Commission of West Virginia for a certificate of public convenience and necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Berkeley County Public Service Sewer District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2003 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2003 Bonds originally authorized hereby;

(c) The public service properties to be acquired 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 29th day of July, 2003.

Robert L. Gross, Sr.
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT on the 29th day of July, 2003.

Dated: August 14, 2003.

[SEAL]

Secretary

07/29/03
067740/00010

EXHIBIT A

Loan Agreements included in bond transcript as Documents 3 and 4.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), AND SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA SRF PROGRAM), OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT; APPROVING AND RATIFYING THE ALTERNATE MAIN LINE EXTENSION AGREEMENTS RELATING TO THE PROJECT; AUTHORIZING AND APPROVING LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Berkeley County Public Service Sewer District (the "Issuer") has duly and officially adopted a bond resolution, effective July 29, 2003 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE PURCHASE AND ACQUISITION OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE

ISSUANCE BY THE DISTRICT OF NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $350,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of (i) Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) (the"Series 2003 A Bonds") and (ii) Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program) (the "Series 2003 B Bonds" and collectively with the Series 2003 A Bonds, the "Series 2003 Bonds"), of the Issuer, in the aggregate principal amount not to exceed $650,000, and has authorized the execution and delivery of a loan agreement relating to the Series 2003 A Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and a loan agreement relating to the Series 2003 B Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the Authority and the DEP (collectively, the "Loan Agreements"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreements and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2003 Bonds should be established by a supplemental resolution pertaining to the Series 2003 Bonds; and that other matters relating to the Series 2003 Bonds be herein provided for;

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

WHEREAS, the Series 2003 Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreements;

WHEREAS, the Issuer has heretofore entered into the Alternate Main Line Extension Agreement, dated April 24, 2003, with Larry Faircloth Realty Inc., for the Elizabeth Station portion of the Project and the Alternate Main Line Extension Agreement dated September 9, 2001, with Phillip P. Cogar Excavating Inc. for the Locust Drive portion of the Project (collectively, the "Agreement") and the Issuer now deems it desirous to approve and ratify the Agreement and its execution;

WHEREAS, Larry Faircloth Realty, Inc. has obtained, or will obtain prior to closing, a Letter of Credit in the stated amount of $254,287, to secure the Series 2003 A Bonds and Phillip P. Cogar has obtained, or will obtain prior to closing, a Letter of Credit in the stated amount of $332,647, to secure the Series 2003 B Bonds (collectively, the "Letter of Credit"); and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements, the Agreement and the Letter of Credit be approved and ratified, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2003 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2003 Bonds be herein provided for;

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

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

(a) Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $252,922. The Series 2003 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2023, and shall bear interest at the rate of 2% per annum. The

principal of and interest on the Series 2003 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, and ending December 1, 2023, 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 Series 2003 A Bonds. The Series 2003 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2003 A Bonds. The Issuer hereby approves and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2003 A Bonds set forth in the Schedule Y attached to the Loan Agreement.

(b) Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $330,862. The Series 2003 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2023, and shall bear interest at the rate of 2% per annum. The principal of and interest on the Series 2003 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, and ending December 1, 2023, 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 Series 2003 B Bonds. The Series 2003 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2003 B Bonds. The Issuer hereby approves and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2003 B Bonds set forth in the Schedule Y attached to the Loan Agreement.

Section 2. All other provisions relating to the Series 2003 Bonds and the text of the Series 2003 Bonds shall be in substantially the forms provided in the Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreements, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreements and in the application to the DEP and the Authority. The price of the Series 2003 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2003 Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2003 Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2003 Bonds, by and between the

Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2003 Bonds under the Resolution.

Section 6. The Issuer does hereby appoint and designate Farmers & Merchants Bank and Trust, Martinsburg, West Virginia, to serve as Depository Bank under the Resolution.

Section 7. Series 2003 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2003 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2003 A Bonds proceeds in the amount of $15,377 shall be deposited in the Series 2003 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2003 A Bonds shall be deposited in or credited to the Series 2003 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance thereof and related costs.

Section 10. Series 2003 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2003 B Bonds Sinking Fund, as capitalized interest.

Section 11. Series 2003 B Bonds proceeds in the amount of $20,114 shall be deposited in the Series 2003 B Bonds Reserve Account.

Section 12. The balance of the proceeds of the Series 2003 B Bonds shall be deposited in or credited to the Series 2003 B Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance thereof and related costs.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2003 Bonds to be issued hereby and by the Resolution approved and provided for, to the end that the Series 2003 Bonds may be delivered on or about August 14, 2003, to the Authority pursuant to the Loan Agreements.

Section 14. The acquisition of the Project and the financing thereof in part with proceeds of the Series 2003 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.

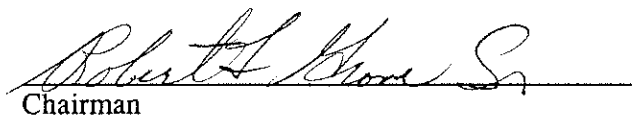
Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the respective Series 2003 Bonds Sinking Funds and the respective Series 2003 Bonds Reserve Accounts shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer does hereby authorize, approve, ratify and accept the Agreement and the execution and delivery of the Agreement by the Chairman and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved.

Section 17. The Issuer does hereby approve and accept the form of the Letter of Credit obtained to secure the Series 2003 Bonds.

Section 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 29th day of July, 2003.



Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT on the 29th day of July, 2003.

Dated: August 14, 2003.

[SEAL]

Secretary

07/29/03
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CH602562.1

RESERVED

SRF-LP-1
(02/03/03)

LOAN AGREEMENT

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

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

as may be reasonably necessary to accomplish all of the powers and rights of the Authority and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

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

maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and

payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

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

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

Bonds, the Authority and DEP shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Government has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the SRF Regulations or this Loan Agreement.

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

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

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

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

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

ARTICLE VII

Miscellaneous

7.1 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be

approved by an official action of the Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

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

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

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

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Loan made under this Loan Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to make the Loan. In the event funds are not appropriated or otherwise available to make all of the Loan, the responsibility of the Authority and DEP to make all the Loan is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Loan made by the Authority and DEP is not terminated due to such non-funding on any balance of the Loan. The DEP agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

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

BERKELEY COUNTY PSSD
[Name of Local Government]

(SEAL)

By: Robert L. Grove Sr.
Its: Chairman
Date: 5.20.03

Attest:

Its: Secretary

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

By: Alfred L. Farmer
Its: Director
Date: 6-10-03

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yankosky
Its: Director
Date: May 16, 2003

Attest:

Barbara B. Meadows
Its: Secretary-Treasurer

000832/00372
02/03/03

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____
Name of Bond Issue(s)_____
Type of Project _____Water_____Wastewater
Fiscal Year _____Report Month_____

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

_____

By _____

West Virginia License No. _____

[SEAL]

---

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

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

C. CLOSING IS CONTINGENT upon receipt of letters of credit from the two developers.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $583,784
Purchase Price of Local Bonds $583,784

The Local Bonds shall bear no interest from the date of delivery to and including November 30, 2003. Commencing March 1, 2004, interest on the Local Bonds is payable quarterly, at a rate of 2% per annum. Commencing March 1, 2004, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

See next page.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
SEWER REVENUE BONDS

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

SERIES	ISSUED	AMOUNT
1986B	03/07/86	$1,638,194
1990A	05/03/90	828,629
1994A	10/05/94	494,288
1994C	11/17/94	2,772,879*
1995A	02/09/95	3,837,640*
1995B	12/29/95	2,138,506*
1996A	02/13/96	319,902*
1996B	05/01/96	2,628,633*
1996C	05/01/96	837,579*
1997A	06/12/97	148,000*
1997B	12/11/97	1,250,000*
1999A	10/28/99	30,707,296*
2000A	05/25/00	937,500*
2001A	03/30/01	429,000**
2001B	08/07/01	2,909,850*
2002A	05/09/02	750,000*
2002B	07/11/02	456,548*
2002C	08/28/02	30,500,000*
2002D	08/28/02	4,965,465
2002E	08/28/02	560,822

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

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS

1996D	06/15/96	$4,770,000

Berkeley County PSSD - Elizabeth Station

Loan of $252,922
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: August 14, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
9/01/2003	-	-	-	-
12/01/2003	-	-	-	-
3/01/2004	2,579.00	2.000%	1,264.61	3,843.61
6/01/2004	2,592.00	2.000%	1,251.72	3,843.72
9/01/2004	2,605.00	2.000%	1,238.76	3,843.76
12/01/2004	2,618.00	2.000%	1,225.73	3,843.73
3/01/2005	2,631.00	2.000%	1,212.64	3,843.64
6/01/2005	2,644.00	2.000%	1,199.49	3,843.49
9/01/2005	2,657.00	2.000%	1,186.27	3,843.27
12/01/2005	2,671.00	2.000%	1,172.98	3,843.98
3/01/2006	2,684.00	2.000%	1,159.63	3,843.63
6/01/2006	2,697.00	2.000%	1,146.21	3,843.21
9/01/2006	2,711.00	2.000%	1,132.72	3,843.72
12/01/2006	2,725.00	2.000%	1,119.17	3,844.17
3/01/2007	2,738.00	2.000%	1,105.54	3,843.54
6/01/2007	2,752.00	2.000%	1,091.85	3,843.85
9/01/2007	2,766.00	2.000%	1,078.09	3,844.09
12/01/2007	2,779.00	2.000%	1,064.26	3,843.26
3/01/2008	2,793.00	2.000%	1,050.37	3,843.37
6/01/2008	2,807.00	2.000%	1,036.40	3,843.40
9/01/2008	2,821.00	2.000%	1,022.37	3,843.37
12/01/2008	2,835.00	2.000%	1,008.26	3,843.26
3/01/2009	2,850.00	2.000%	994.09	3,844.09
6/01/2009	2,864.00	2.000%	979.84	3,843.84
9/01/2009	2,878.00	2.000%	965.52	3,843.52
12/01/2009	2,893.00	2.000%	951.13	3,844.13
3/01/2010	2,907.00	2.000%	936.66	3,843.66
6/01/2010	2,922.00	2.000%	922.13	3,844.13
9/01/2010	2,936.00	2.000%	907.52	3,843.52
12/01/2010	2,951.00	2.000%	892.84	3,843.84
3/01/2011	2,966.00	2.000%	878.08	3,844.08
6/01/2011	2,980.00	2.000%	863.25	3,843.25
9/01/2011	2,995.00	2.000%	848.35	3,843.35
12/01/2011	3,010.00	2.000%	833.38	3,843.38
3/01/2012	3,025.00	2.000%	818.33	3,843.33
6/01/2012	3,040.00	2.000%	803.20	3,843.20
9/01/2012	3,056.00	2.000%	788.00	3,844.00
12/01/2012	3,071.00	2.000%	772.72	3,843.72
3/01/2013	3,086.00	2.000%	757.37	3,843.37
6/01/2013	3,102.00	2.000%	741.94	3,843.94
9/01/2013	3,117.00	2.000%	726.43	3,843.43
12/01/2013	3,133.00	2.000%	710.84	3,843.84
3/01/2014	3,149.00	2.000%	695.18	3,844.18
6/01/2014	3,164.00	2.000%	679.43	3,843.43
9/01/2014	3,180.00	2.000%	663.61	3,843.61
12/01/2014	3,196.00	2.000%	647.71	3,843.71
3/01/2015	3,212.00	2.000%	631.73	3,843.73

Berkeley County PSSD - Elizabeth Station

Loan of $252,922
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: August 14, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2015	3,228.00	2.000%	615.67	3,843.67
9/01/2015	3,244.00	2.000%	599.53	3,843.53
12/01/2015	3,260.00	2.000%	583.31	3,843.31
3/01/2016	3,277.00	2.000%	567.01	3,844.01
6/01/2016	3,293.00	2.000%	550.63	3,843.63
9/01/2016	3,310.00	2.000%	534.16	3,844.16
12/01/2016	3,326.00	2.000%	517.61	3,843.61
3/01/2017	3,343.00	2.000%	500.98	3,843.98
6/01/2017	3,359.00	2.000%	484.27	3,843.27
9/01/2017	3,376.00	2.000%	467.47	3,843.47
12/01/2017	3,393.00	2.000%	450.59	3,843.59
3/01/2018	3,410.00	2.000%	433.63	3,843.63
6/01/2018	3,427.00	2.000%	416.58	3,843.58
9/01/2018	3,444.00	2.000%	399.44	3,843.44
12/01/2018	3,461.00	2.000%	382.22	3,843.22
3/01/2019	3,479.00	2.000%	364.92	3,843.92
6/01/2019	3,496.00	2.000%	347.52	3,843.52
9/01/2019	3,514.00	2.000%	330.04	3,844.04
12/01/2019	3,531.00	2.000%	312.47	3,843.47
3/01/2020	3,549.00	2.000%	294.82	3,843.82
6/01/2020	3,567.00	2.000%	277.07	3,844.07
9/01/2020	3,584.00	2.000%	259.24	3,843.24
12/01/2020	3,602.00	2.000%	241.32	3,843.32
3/01/2021	3,620.00	2.000%	223.31	3,843.31
6/01/2021	3,639.00	2.000%	205.21	3,844.21
9/01/2021	3,657.00	2.000%	187.01	3,844.01
12/01/2021	3,675.00	2.000%	168.73	3,843.73
3/01/2022	3,693.00	2.000%	150.35	3,843.35
6/01/2022	3,712.00	2.000%	131.89	3,843.89
9/01/2022	3,730.00	2.000%	113.33	3,843.33
12/01/2022	3,749.00	2.000%	94.68	3,843.68
3/01/2023	3,768.00	2.000%	75.93	3,843.93
6/01/2023	3,787.00	2.000%	57.09	3,844.09
9/01/2023	3,806.00	2.000%	38.16	3,844.16
12/01/2023	3,825.00	2.000%	19.13	3,844.13
Total	**252,922.00**	-	**54,571.67**	**307,493.67 ***

*Plus $341.08 one-percent administrative fee paid quarterly. Total fee paid over life of loan is $27,286.40.

Berkeley County PSSD - Locust Drive

Loan of $330,862
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: August 14, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
9/01/2003	-	-	-	-
12/01/2003	-	-	-	-
3/01/2004	3,374.00	2.000%	1,654.31	5,028.31
6/01/2004	3,391.00	2.000%	1,637.44	5,028.44
9/01/2004	3,408.00	2.000%	1,620.49	5,028.49
12/01/2004	3,425.00	2.000%	1,603.45	5,028.45
3/01/2005	3,442.00	2.000%	1,586.32	5,028.32
6/01/2005	3,459.00	2.000%	1,569.11	5,028.11
9/01/2005	3,476.00	2.000%	1,551.82	5,027.82
12/01/2005	3,494.00	2.000%	1,534.44	5,028.44
3/01/2006	3,511.00	2.000%	1,516.97	5,027.97
6/01/2006	3,529.00	2.000%	1,499.41	5,028.41
9/01/2006	3,546.00	2.000%	1,481.77	5,027.77
12/01/2006	3,564.00	2.000%	1,464.04	5,028.04
3/01/2007	3,582.00	2.000%	1,446.22	5,028.22
6/01/2007	3,600.00	2.000%	1,428.31	5,028.31
9/01/2007	3,618.00	2.000%	1,410.31	5,028.31
12/01/2007	3,636.00	2.000%	1,392.22	5,028.22
3/01/2008	3,654.00	2.000%	1,374.04	5,028.04
6/01/2008	3,672.00	2.000%	1,355.77	5,027.77
9/01/2008	3,691.00	2.000%	1,337.41	5,028.41
12/01/2008	3,709.00	2.000%	1,318.95	5,027.95
3/01/2009	3,728.00	2.000%	1,300.41	5,028.41
6/01/2009	3,746.00	2.000%	1,281.77	5,027.77
9/01/2009	3,765.00	2.000%	1,263.04	5,028.04
12/01/2009	3,784.00	2.000%	1,244.21	5,028.21
3/01/2010	3,803.00	2.000%	1,225.29	5,028.29
6/01/2010	3,822.00	2.000%	1,206.28	5,028.28
9/01/2010	3,841.00	2.000%	1,187.17	5,028.17
12/01/2010	3,860.00	2.000%	1,167.96	5,027.96
3/01/2011	3,879.00	2.000%	1,148.66	5,027.66
6/01/2011	3,899.00	2.000%	1,129.27	5,028.27
9/01/2011	3,918.00	2.000%	1,109.77	5,027.77
12/01/2011	3,938.00	2.000%	1,090.18	5,028.18
3/01/2012	3,958.00	2.000%	1,070.49	5,028.49
6/01/2012	3,977.00	2.000%	1,050.70	5,027.70
9/01/2012	3,997.00	2.000%	1,030.82	5,027.82
12/01/2012	4,017.00	2.000%	1,010.83	5,027.83
3/01/2013	4,037.00	2.000%	990.75	5,027.75
6/01/2013	4,058.00	2.000%	970.56	5,028.56
9/01/2013	4,078.00	2.000%	950.27	5,028.27
12/01/2013	4,098.00	2.000%	929.88	5,027.88
3/01/2014	4,119.00	2.000%	909.39	5,028.39
6/01/2014	4,139.00	2.000%	888.80	5,027.80
9/01/2014	4,160.00	2.000%	868.10	5,028.10
12/01/2014	4,181.00	2.000%	847.30	5,028.30
3/01/2015	4,202.00	2.000%	826.40	5,028.40

Berkeley County PSSD - Locust Drive

Loan of $330,862
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: August 14, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2015	4,223.00	2.000%	805.39	5,028.39
9/01/2015	4,244.00	2.000%	784.27	5,028.27
12/01/2015	4,265.00	2.000%	763.05	5,028.05
3/01/2016	4,286.00	2.000%	741.73	5,027.73
6/01/2016	4,308.00	2.000%	720.30	5,028.30
9/01/2016	4,329.00	2.000%	698.76	5,027.76
12/01/2016	4,351.00	2.000%	677.11	5,028.11
3/01/2017	4,373.00	2.000%	655.36	5,028.36
6/01/2017	4,395.00	2.000%	633.49	5,028.49
9/01/2017	4,417.00	2.000%	611.52	5,028.52
12/01/2017	4,439.00	2.000%	589.43	5,028.43
3/01/2018	4,461.00	2.000%	567.24	5,028.24
6/01/2018	4,483.00	2.000%	544.93	5,027.93
9/01/2018	4,506.00	2.000%	522.52	5,028.52
12/01/2018	4,528.00	2.000%	499.99	5,027.99
3/01/2019	4,551.00	2.000%	477.35	5,028.35
6/01/2019	4,574.00	2.000%	454.59	5,028.59
9/01/2019	4,596.00	2.000%	431.72	5,027.72
12/01/2019	4,619.00	2.000%	408.74	5,027.74
3/01/2020	4,642.00	2.000%	385.65	5,027.65
6/01/2020	4,666.00	2.000%	362.44	5,028.44
9/01/2020	4,689.00	2.000%	339.11	5,028.11
12/01/2020	4,712.00	2.000%	315.66	5,027.66
3/01/2021	4,736.00	2.000%	292.10	5,028.10
6/01/2021	4,760.00	2.000%	268.42	5,028.42
9/01/2021	4,783.00	2.000%	244.62	5,027.62
12/01/2021	4,807.00	2.000%	220.71	5,027.71
3/01/2022	4,831.00	2.000%	196.67	5,027.67
6/01/2022	4,856.00	2.000%	172.52	5,028.52
9/01/2022	4,880.00	2.000%	148.24	5,028.24
12/01/2022	4,904.00	2.000%	123.84	5,027.84
3/01/2023	4,929.00	2.000%	99.32	5,028.32
6/01/2023	4,953.00	2.000%	74.67	5,027.67
9/01/2023	4,978.00	2.000%	49.91	5,027.91
12/01/2023	5,003.00	2.000%	25.02	5,028.02
Total	**330,862.00**	**-**	**71,387.49**	**402,249.49 ***

*Plus $446.18 one-percent administrative fee paid quarterly. Total fee paid over life of loan is $35,694.40.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: June 19, 2003

CASE NO. 01-0934-PSD-PC

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public utility.
Petition for consent and approval for a sewer alternate main line extension agreement between the District and Larry Faircloth Realty, Inc.

FINAL
07-09-03

CASE NO. 01-1247-PSD-PC

BERKELEY COUNTY PUBLIC SERVICE DISTRICT, a public utility.
Petition for consent and approval for a sewer alternative main line extension agreement between the District and Phil Cogar Excavating, Inc.

RECOMMENDED DECISION

On July 13, 2001, Berkeley County Public Service Sewer District (District) filed a letter/petition in Case No. 01-0934-PSD-PC, seeking Commission consent and approval for an alternate sewer main line extension agreement by and between the District and Larry Faircloth Realty, Inc. (Faircloth Realty), to provide sewage facilities to serve the Locust Drive/Elizabeth Station Subdivision, Berkeley County, West Virginia. The alternate sewer main line extension agreement was approved by Recommended Decision dated December 7, 2001, Final December 27, 2001. However, said approval was contingent upon the receipt by the District of a West Virginia State Revolving Fund Loan (SRF Loan) for the purchase of the sewer line from Faircloth Realty. The District was to request reopening of Case No. 01-0934-PSD-PC to obtain Commission approval to accept the loan, once commitment letters could be filed.

On September 12, 2001, the District filed a letter/petition, in Case No. 01-1247-PSD-PC, seeking Commission consent and approval for an alternate sewer main line extension agreement by and between the District and Phil Cogar Excavating, Inc. (Cogar Excavating), to provide sewage facilities to serve the Locust Drive/Elizabeth Subdivision, Berkeley County, West Virginia. The alternate sewer main line extension agreement was approved by Commission Order dated December 19, 2001. However, said approval was contingent upon the District's receipt of an SRF Loan for the purchase of the sewer line from Cogar Excavating. The District was to

request reopening of Case No. 01-1247-PSD-PC to obtain Commission approval to accept the loan, once commitment letters could be obtained.

On April 28, 2003, the District filed a Motion to Reopen and Consolidate Cases for Approval of Borrowing[1] in order to obtain Commission consent and approval to borrow up to $497,888 through the SRF, at an annual interest rate of 2%, plus an annual administrative fee of 1% for a term of 20 years, in order to complete the sewage collection system purchases contemplated in Case Nos. 01-0934-PSD-PC and 01-1247-PSD-PC. Since the proposed purchases will be funded by a single SRF Loan, the District further requested that these matters be consolidated and retained by the Commission for expedited consideration. In support of the motion, the District stated as follows, to-wit:

> 1. The final orders approving the transactions in both cases are conditioned upon (1) the District's receipt of financing to consummate the purchases; (2) the reopening of these cases to obtain approval of borrowing; and (3) verification of the alternate sewer main line extension agreements between the District and each developer;
>
> 2. The District has now obtained confirmation from the West Virginia Division of Environmental Protection (DEP) that it intends to lend the District up to $597,888.00 under the SRF Program, at an annual interest rate of 2%, plus an annual fee of 1%, for a term of 20 years, in order to complete the purchase contemplated in the above-styled cases. A copy of the applicable letter of intent to loan, dated April 23, 2003, from Rosalie Brodersen, Program Manager of the State Revolving Fund, to Robert Grove, Sr., Chairman of the Berkeley County Public Service Sewer District, is attached to the Motion as "Exhibit A"; and
>
> 3. The alternate main line extension agreements between the District and the developers have already been approved by the prior orders of the Commission. Copies of the applicable alternate main line extension agreements, signed by the developers, will be forwarded to the Commission. These standard hybrid alternate mainline extension/cooperative venture agreements will demonstrate that sewage collection

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[1]On June 17, 2003, Counsel for the District filed a letter in clarification of an apparent inconsistency in the District's previous filings in Case No. 01-1247-PSD-PC. In the agreement filed herein on September 12, 2001, and approved by the Commission on December 19, 2001, the development or subdivision at issue is identified as the "Locust Drive/Elizabeth Station Subdivision," while the agreement dated May 5, 2003, and filed herein on May 30, 2003, identifies the development or subdivision as the "Bentwood Subdivision." According to the letter, "Locust Drive/Elizabeth Station Subdivision" and "Bentwood Subdivision" are one and the same subdivision. The letter concluded by apologizing for the confusing identification of the subdivision in question.

Public Service Commission
of West Virginia

lines and other appurtenances constructed on developer-owned property will be conveyed to the District, along with the corresponding easements, without monetary consideration.

On May 30, 2003, the District filed executed copies of the respective agreements between it and Faircloth Realty and Cogar Excavating, for the provision of sewage facilities within the "Locust Drive/Elizabeth Station Subdivision," aka "the Bentwood Subdivision."

Also, on May 30, 2003, Staff Attorney Ronald E. Robertson, Jr., filed an Initial and Final Joint Staff Memorandum. A Utilities Division Final Staff Memorandum, dated May 28, 2003, from Paul P. Stewart, Chief Utilities Manager, Utilities Division, was attached thereto. Commission Staff recommended consolidation of these proceedings and approval of the District's borrowing of up to $597,888 from the West Virginia Division of Environmental Protection.

FINDINGS OF FACT

1. By Recommended Decision dated December 7, 2001, in Case No. 01-0934-PSD-PC (Final December 27, 2001), an alternate sewer main line extension agreement by and between Berkeley County Public Service Sewer District and Larry Faircloth Realty, Inc., for the provision of sewerage facilities within the Locust Drive/Elizabeth Station Subdivision was approved, contingent upon the District's receipt of a West Virginia State Revolving Fund Loan for the purchase of the sewer facilities from Faircloth Realty and the reopening of said proceeding to obtain Commission approval to accept the loan, once commitment letters could be filed. (See, December 7, 2001 Recommended Decision in Case No. 01-0934-PSD-PC).

2. By Commission Order dated December 19, 2001, in Case No. 01-1247-PSD-PC, an alternate sewer main line extension agreement by and between Berkeley County Public Service Sewer District and Phil Cogar Excavating, Inc., for the provision of sewerage facilities within the Locust Drive/Elizabeth Station Subdivision, aka Bentwood Subdivision, was approved, contingent upon the District's receipt of a West Virginia State Revolving Fund Loan for the purchase of the sewer facilities from Cogar Excavating and the reopening of said proceeding to obtain Commission approval to accept the loan, once commitment letters could be filed. (See, December 19, 2001 Commission Order in Case No. 91-1247-PSD-PC).

3. On April 28, 2003, the District filed a Motion to Reopen and Consolidate Cases for Approval of Borrowing in Case Nos. 01-0934-PSD-PC and 01-1247-PSD-PC to obtain Commission approval to borrow up to $597,888 through the SRF in order to complete the sewage collection system purchases contemplated in these cases. (See, April 28, 2003 filing).

4. The District filed executed copies of the respective agreements by and between it and Faircloth Realty and Cogar Excavating for the provision of sewage facilities within the Locust Street/Elizabeth Station Subdivision (aka Bentwood Subdivision). (See, May 30, 2003 filings).

Public Service Commission
of West Virginia
Charleston

5. Commission Staff recommended consolidation of Case Nos. 01-0934-PSD-PC and 01-1247-PSD-PC and approval of the District's borrowing of up to $597,888 from the West Virginia Division of Environmental Protection. (See, Initial and Final Joint Staff Memorandum and attachment filed May 30, 2003).

6. On June 17, 2003, Counsel for the District filed a letter of clarification of an apparent inconsistency in the District's previous filings in Case No. 01-1247-PSD-PC. The Agreement filed on September 12, 2001, and approved by Commission Order dated December 19, 2001, referred to the development or subdivision as "Locust Drive/Elizabeth Station Subdivision" while the Agreement dated May 5, 2003, and filed herein on May 30, 2003, identifies the development or subdivision as the "Bentwood Subdivision." According to the letter, the "Locust Drive/Elizabeth Station Subdivision" and the "Bentwood Subdivision" are one and the same subdivision. (See, Letter filed June 17, 2003).

CONCLUSIONS OF LAW

1. Case Nos. 01-0934-PSD-PC and 01-1247-PSD-PC should be consolidated since the purchases contemplated by the agreements in these case will be funded by a single SRF loan.

2. The District's request to borrow up to $597,988 through the SRF at an annual interest rate of 2%, plus an annual administrative fee of 1% for a term of 20 years, in order to complete the sewage collection system purchases contemplated in Case Nos. 01-0934-PSD-PC, and 01-1247-PSD-PC, should be approved.

3. The Cooperative Venture Agreement dated May 7, 2003, by and between the District and Larry Faircloth Realty, Inc., filed in Case No.01-0934-PSD-PC, on May 30, 2003, pertaining to sewage facilities within and to serve the Locust Street/Elizabeth Station Subdivision, should be approved.

4. The Cooperative Venture Agreement dated May 5, 2003, by and between the District and Phil Cogar Excavating, Inc., filed in Case No. 01-1247-PSD-PC, on May 30, 2003, pertaining to sewerage facilities within and to serve Bentwood Subdivision, aka the Locust Street/Elizabeth Station Subdivision, should be approved.

ORDER

IT IS, THEREFORE, ORDERED that Case Nos. 01-0934-PSD-PC and 01-1247-PSD-PC be, and hereby are, consolidated.

IT IS FURTHER ORDERED that the request of Berkeley County Public Service Sewer District to borrow up to $597,888 through the West Virginia Department of Environmental Protection State Revolving Fund Program, at an annual interest rate of 2%, plus an annual administrative fee of 1% for a term of 20 years, in order to complete the sewage collection system

Public Service Commission
of West Virginia
Charleston

collection system purchases contemplated in Case Nos. 01-0934-PSD-PC and 01-1247-PSD-PC, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Cooperative Venture Agreement dated May 7, 2003, by and between the Berkeley County Public Service Sewer District and Larry Faircloth Realty, Inc., filed in Case No. 01-0934-PSD-PC, on May 30, 2003, pertaining to sewerage facilities within and to serve the Locust Street/Elizabeth Station Subdivision, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Cooperative Venture Agreement dated May 5, 2003, by and between the Berkeley County Public Service Sewer District and Phil Cogar Excavating, Inc., filed in Case No. 01-1247-PSD-PC on May 30, 2003, pertaining to sewage facilities within and to serve the Bentwood Subdivision, aka the Locust Street/Elizabeth Station Subdivision, be, and hereby is, approved.

IT IS FURTHER ORDERED that these matters be, and hereby are, removed from the Commission's docket of open cases.

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

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

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

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

Melissa K. Marland
Chief Administrative Law Judge

MKM:JPC:jas
010934ab.wpd

Public Service Commission
of West Virginia
Charleston

010934alj120701.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: December 7, 2001

FINAL
12-27-01

CASE NO. 01-0934-PSD-PC

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Petition for consent and approval of a sewer
alternate main line extension agreement
between the District and Larry Faircloth Realty, Inc.

RECOMMENDED DECISION

On July 13, 2001, Berkeley County Public Service Sewer District (District) filed with the Public Service Commission (Commission) a petition for consent and approval of a sewer alternate main line extension agreement between it and Larry Faircloth Realty, Inc. (Developer). The agreement, signed by the Developer, was attached.

On August 1, 2001, Staff Attorney Cassius H. Toon filed an Initial Joint Staff Memorandum, with attached memorandum from David W. Holley, Technical Analyst-in-Training II, Engineering Division, who stated that the agreement pertained to the collection system to serve a subdivision, Locust Drive/ Elizabeth Station Subdivision, and that the agreement substantially met the technical requirements of the Commission's Rules and Regulations for the Government of Sewer Utilities. Mr. Holley stated that the District usually uses an agreement it labels a Cooperative Venture Agreement, or COVA, which does not allow for reimbursement, while the filed agreement not only allowed for reimbursement, but provided for the District's applying for an SRF loan to purchase the line from the Developer. Mr. Toon filed copies of interrogatories he was sending the District.

On August 13, 2001, the Commission, by Order, referred this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before February 11, 2002.

On September 18, 2001, the District, by counsel William F. Rohrbaugh, filed answers to the interrogatories, including that prior to 1996 it used only COVAs. The District continued as follows

By 1996, it became apparent that the options offered to potential customers and developers in Berkeley County required further refinement. The District, at the behest of potential customers and developers, recognized that a qualitative difference exists between potential customers and developments that have public sewer available **on-site** and customers and developments that can only be served by the construction of line extensions across **non-owned real estate**. The portion of any line extension crossing non-owned real estate benefits the non-owned real estate and the District without a corresponding benefit to the customer or development seeking sewer service. As a result, the District began offering a third option or hybrid alternative in the specific situation where a line extension must cross non-owned real estate to reach a customer or development requesting service. Once a customer or developer, which has waived Sewer Rule 5.3, constructs a line extension, the District will offer to pay a monetary consideration for the portion of the line extension that crosses non-owned real estate. The portion of any line extension located on the customer or developer's **owned real estate** is not exchanged for any monetary consideration, just as before the advent of the hybrid alternative in 1996.

The District pointed out that the first hybrid was approved by the Commission in 1996 in Case No. 00-0314-PSD-PC.

On October 10, 2001, Mr. Toon filed a Final Joint Staff Memorandum, requiring two revisions to Section 9.01 of the agreement. Technical Staff recommended approval of the agreement contingent upon the following: (1) the District obtain the SRF loan; (2) the District reopen this case for approval to accept the loan, once commitment letters can be filed; and (3) the District file a COVA for the construction of the mains within the subdivision itself.

On November 7, 2001, the undersigned ALJ issued a Procedural Order pointing out that, while the District's not responding to Staff's Final Joint Staff Memorandum indicated that it had no objection to revising Section 9.01 of the agreement, no revised agreement had been filed. The District was required to file a revised agreement no later than November 30, 2001. The order included the following discussion:

The undersigned ALJ will not impose the third contingency recommended by Technical Staff. The District will have to submit in another matter an alternate extension agreement for the mains within the subdivision. If it is not a COVA, Staff can recommend in that matter that it not be approved. There is no basis to attach as a contingency to approving a proper agreement in one matter that a utility submit a proper agreement in a different matter. However, the undersigned ALJ is concerned that it may not be clear from the agreement before her that it applies only to lines

across non-owned real estate.[1] Accordingly, unless she is shown by the District or Staff that it is not warranted, in her decision the undersigned ALJ will limit the agreement's applicability accordingly.

On November 16, 2001, the District filed a revised agreement that incorporated the revisions to Section 9.01 required by Staff.

FINDINGS OF FACT

1. On July 13, 2001, Berkeley County Public Service Sewer District filed with the Public Service Commission a petition for consent and approval of a sewer alternate main line extension agreement between it and Larry Faircloth Realty, Inc., pertaining to the collection system to serve the Locust Drive/ Elizabeth Station Subdivision. (See petition and agreement).

2. Staff expressed concern that, while the District usually uses an agreement it labels a Cooperative Venture Agreement, or COVA, which does not allow for reimbursement, the filed agreement not only allowed for reimbursement, but provided for the District's applying for an SRF loan to purchase the line from the Developer. (See Initial Joint Staff Memorandum filed August 1, 2001).

3. The District explained that it continues to use COVAs for sewer extensions on-site of developments, but argued that hybrid agreements such as the one filed are appropriate for construction of lines across real estate not owned by developers. The District pointed out that the Commission approved the first hybrid agreement in 1996 in Case No. 00-0314-PSD-PC. (See September 18, 2001 filing).

4. Staff required revisions to Section 9.01 of the agreement, and recommended tha approval thereof also be contingent upon the following: (1) the District obtain a SRF loan fo purchase of the line from the Developer; (2) the District reopen this case for approval to accept th loan, once commitment letters can be filed; and (3) the District file a COVA for the construction o the mains within the subdivision itself. (See Final Joint Staff Memorandum filed October 10, 2001

5. The parties were advised that the third contingency would not be imposed but that th agreement's applicability would be limited to lines across non-owned real estate unless it was show

---

[1]It was recognized that Section 2.01 of the agreement, by stating that the construction involve is of "approximately 5,350 linear feet of 8" gravity line, 15 manholes, one railroad bore and jack ar necessary appurtenances" perhaps described a system solely on non-owned real estate.

that such a limitation was not warranted. The District was provided opportunity to respond or to file a revised agreement. (See November 7, 2001 Procedural Order).

6. On November 16, 2001, the District filed an agreement, incorporating the revisions to Section 9.01 required by Staff. The agreement was executed by the Developer. (See revised agreement).

CONCLUSION OF LAW

It is appropriate to approve the revised agreement filed November 16, 2001, upon the first two contingencies stated in Finding of Fact 4, as well as the limitation stated in Finding of Fact 5.

ORDER

IT IS, THEREFORE, ORDERED that the petition filed on July 13, 2001, by Berkeley County Public Service Sewer District, as amended on November 16, 2001, BE GRANTED, and that the revised agreement between the District and Larry Faircloth Realty, Inc., filed November 16, 2001, BE APPROVED, contingent upon the District's obtaining a SRF loan for purchase of the sewer line from the Developer and the District's reopening this case for approval to accept the loan, once commitment letters can be filed; and further contingent upon the agreement's being applicable to lines across real estate not owned by the Developer.

IT IS FURTHER ORDERED that the Berkeley County Public Service Sewer District file as soon as possible a fully executed copy of the approved agreement.

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

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon Commission Staff 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 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 Executive 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.

Sunya Anderson
Administrative Law Judge

SA:s
010934aa.wpd

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 19th day of December, 2001.

RECEIVED
JAN 0 8 2003
CONSTRUCTION ASSISTANCE PROGRAMS

CASE NO. 01-1247-PSD-PC

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public utility.

Petition for consent and approval of a sewer alternative main line extension agreement between the District and Phil Cogar Excavating, Inc.

COMMISSION ORDER

On September 12, 2001, the Berkeley County Public Service Sewer District, (District) filed a petition for consent and approval of an alternate sewer main line extension agreement (Agreement) between the District and Phil Cogar Excavating, Inc.

On October 19, 2001, Commission Staff filed its "Initial and Final Joint Staff Memorandum." Therein Staff noted that the District stated that it used a different agreement when a developer is constructing a main off-site from the property that is to be developed. The Agreement that is the subject of this review is for an off-site extension and the District is offering to purchase the extension from the Developer by obtaining an SRF loan with the Developer subsidizing the debt service on the SRF loan until revenues of the District derived solely from the customers connecting to the collection system and all extensions thereto, are sufficient to pay the debt service. The amount the District expects to borrow from the EPA is approximately $436,567.00. Commission Staff stated that it recommended approval contingent upon the following:

1. The District obtaining the SRF loan.

2. The District reopening this case for approval to accept the loan, once commitment letters can be filed.

3. The District filing a COVA agreement for the construction of the mains within the Locust Drive/Elizabeth Station subdivision.

DISCUSSION

The Commission shall herein approve the alternate sewer main line extension agreement pursuant to Rule 5.3 of the Commission's Rules and Regulations for the Government of Sewer Utilities (Sewer Rules) subject to the conditions developed by Commission Staff.

FINDINGS OF FACT

1. The Berkeley County Public Service Sewer District filed a petition for consent and approval of an alternate sewer main line extension agreement with Phil Cogar Excavating, Inc., on September 12, 2001.

2. Staff recommends approval of the agreement subject to certain conditions.

CONCLUSIONS OF LAW

It is reasonable pursuant to Sewer Rule 5.3 to approve the agreement filed by the District on September 12, 2001, subject to Staff's conditions.

ORDER

IT IS THEREFORE ORDERED that the September 12, 2001, filing by the Berkeley County Public Service Sewer District, (District) for consent and approval of an alternate sewer main line extension agreement between the District and Phil Cogar Excavating, Inc., is hereby approved subject to the following conditions:

1. The District obtaining the SRF loan.

2. The District reopening this case for approval to accept the loan, once commitment letters can be filed.

3. The District filing a COVA agreement for the construction of the mains within the Locust Drive/Elizabeth Station subdivision.

IT IS FURTHER ORDERED that the information required by the above ordering paragraph shall be filed by the District within thirty (30) days of the date of this order.

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

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

ARC
JJW/lfg
011247c.wpd

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Henry Harmon, Vice Chairman
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley

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

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

March 5, 2003

Mr. Walt Sebert, Executive Director
Berkeley County PSSD
P.O. Box 944
Martinsburg, WV 25402

Re: Berkeley County Public Service Sewer District
Sewer Project 2003S-719

Dear Mr. Sebert:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Berkeley County Public Service Sewer District's (the "District") preliminary application regarding its proposed project purchase a line extension within the Inwood collection system project to serve existing customers of Locust Drive, Brentwood subdivision and Elizabeth Station subdivision (the "Project").

Based on the findings of the Sewer 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 Sewer 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 Clean Water State Revolving Fund loan of $597,888 to finance this Project. Please contact the Department of Environmental Protection at 558-0641 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.**

The Infrastructure Council also recommends that the District submit a plan detailing its ability to repay the $2,000,000 Infrastructure Bond Anticipation Note closed on October 28, 1999and becomes due in full on November 1, 2004.

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

Sincerely,

Russell L. Isaacs

RLI/km
cc: Mike Johnson, DEP (w/o enclosure)
Region IX Planning & Development Council
Yebernetsky, Roberts & Stansburg, Inc.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 14th day of August, 2003, 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 Sewer District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received from the Issuer its: (i) Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), in the principal amount of $252,922, numbered AR-1 (the "Series 2003 A Bonds"), and (ii) Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), in the principal amount of $330,862, numbered BR-1 (the "Series 2003 B Bonds"), all dated August 14, 2003 (collectively, the "Series 2003 Bonds").

2. At the time of such receipt, all the Series 2003 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 thereon.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2003 A Bonds, of $252,922, being the entire principal amount of the Series 2003 A Bonds, there being no interest accrued thereon.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2003 B Bonds, of $330,862, being the entire principal amount of the Series 2003 B Bonds, there being no interest accrued thereon.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows

Authorized Representative

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Robert L Hose Sr

Chairman

07/29/03
067740/00010

CH602371.1

Rev. 1/01/02

PAYMENT REQUISITION FORM

1. LOAN RECIPIENT/VENDOR:

NAME: Berkeley County PSSD

ADDRESS: P.O. Box 944

Martinsburg, WV 25401

PHONE: (304)263-8566

FEIN: 55-0625031

RECEIVED
JUL 21 2003
WVDEP
CONSTRUCTION ASSISTANCE PROGRAMS

2. SRF PROJECT 44374

3. INVOICE NUMBER: #1

4. PERIOD COVERED BY THIS REQUEST:
FROM (MO/DAY/YR) TO (MO/DAY/YR)
5/1/2003 5/31/2003

5. PERCENTAGE OF PHYSICAL CONSTRUCTION COMPLETION 100%

CLASSIFICATION	A) APPROVED BUDGET	B) PREVIOUS APPROVED TOTALS	C) THIS REQUEST	D) TOTAL COLUMNS B & C	E) AGENCY USE ONLY
1) CONSTRUCTION	523,080		523,080	523,080	523,080
a. Equipment					
2) TECHNICAL SVC					
a. Basic					
b. Engineering (Other)					
c. Inspection					
3) PLANNING					
4) DESIGN COSTS					
5) LEGAL/FISCAL	8,213		8,213	8,213	8,213
6) ADMINISTRATIVE					
7) LOAN REPAYMENT					
8) CONTINGENCY					
9) INT FINANCE COST					
10) RESERVE FUND	35,491		35,491	35,491	35,491
11) CLOSING COST	17,000		17,000	17,000	17,000
12) SUBTOTAL	583,784		583,784	583,784	583,784
13) LESS PREVIOUSLY PAID					-0-
14) INVOICE AMOUNT					583,784

15) Robert L. Grove Sr.
RECIPIENT AUTHORIZED SIGNATURE
DATE: 7/15/03
Robert L. Grove Sr., Chairman
TYPED OR PRINTED NAME AND TITLE

16)
PERSON PREPARING FORM SIGNATURE
DATE: 7/15/03
Walt Sebert/Executive Director
TYPED OR PRINTED NAME AND TITLE

AGENCY USE ONLY:

THIS REQUEST APPROVED BY: WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION

PROJECT REVIEWER — DATE 8/5/03

AUTHORIZED OFFICER — DATE 8/5/03

ACCOUNTING CLASSIFICATION - DEP USE ONLY

ACCOUNTING NUMBER:	AMOUNT APPROVED:
350 - 1 350 - 2	$ 583,784

RF - 91

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,
as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 14th day of August, 2003, Berkeley County Public Service Sewer District (the "Issuer") hereby delivers the following to you:

(1) Bond No. AR-1, constituting the entire original issue of Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), in the principal amount of $252,922 (the "Series 2003 A Bonds"), dated August 14, 2003, executed by the Chairman and Secretary of 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 July 29, 2003, and a Supplemental Resolution duly adopted by the Issuer on July 29, 2003 (collectively, the "Resolution");

(2) Bond No. BR-1, constituting the entire original issue of Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), in the principal amount of $330,862 (the "Series 2003 B Bonds"), dated August 14, 2003, executed by the Chairman and Secretary of the Issuer and bearing the official seal of the Issuer, authorized to be issued under and pursuant to the Resolution;

(3) A copy of the Resolution authorizing the above-captioned Bonds (collectively, the "Bonds") duly certified by the Secretary of the Issuer;

(4) Executed counterparts of a loan agreement for the Bonds, dated May 16, 2003, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver (i) the Series 2003 A Bonds to the Authority upon payment to the Issuer of the sum of $252,922, representing the entire principal amount of the Series 2003 A Bonds and (ii) the Series 2003 B Bonds to the Authority upon payment to the Issuer of the sum of $330,862, representing the entire principal amount of the Series 2003 B Bonds.

Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day, month and year first stated above.

BERKELEY COUNTY PUBLIC SERVICE
SEWER DISTRICT

Robert L Howe Sr

Chairman

07/29/03
067740/99001

CH602379.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BOND, SERIES 2003 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $252,922

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from 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 HUNDRED FIFTY TWO THOUSAND NINE HUNDRED TWENTY-TWO DOLLARS ($252,922), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, as set forth on EXHIBIT B 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 The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month 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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated May 16, 2003.

This Bond is issued (i) to pay the costs of purchase and acquisition of certain previously constructed sewer facilities, constituting improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on July 29, 2003, and a Supplemental Resolution duly adopted by the Issuer on July 29, 2003 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(14) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 2000, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $937,500 (THE "SERIES 2000 A BONDS");

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

(16) SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,707,296 (THE "SERIES 1999 A BONDS");

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

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

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

(20) SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 28, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,965,465 (THE "SERIES 2002 D BONDS");

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

(22) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2003, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $330,862 (THE "SERIES 2003 B BONDS").

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

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

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

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

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a

parity with the pledge of the Net Revenues in favor of the holders of the First Lien Bonds, the Series 2003 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2003 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2003 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds and the Series 2003 B Bonds; provided however, that so long as there exists in the Series 2003 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds and the Series 2003 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (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 provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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 the payment of the costs of the Project and costs of issuance described in the Bond Legislation, and there shall be and hereby is created and

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

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated August 14, 2003.

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 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: August 14, 2003.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$252,922	August 14, 2003	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $ 252,922

EXHIBIT B

Berkeley County PSSD - Elizabeth Station

Loan of $252,922
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: August 14, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
9/01/2003	-	-	-	-
12/01/2003	-	-	-	-
3/01/2004	2,579.00	2.000%	1,264.61	3,843.61
6/01/2004	2,592.00	2.000%	1,251.72	3,843.72
9/01/2004	2,605.00	2.000%	1,238.76	3,843.76
12/01/2004	2,618.00	2.000%	1,225.73	3,843.73
3/01/2005	2,631.00	2.000%	1,212.64	3,843.64
6/01/2005	2,644.00	2.000%	1,199.49	3,843.49
9/01/2005	2,657.00	2.000%	1,186.27	3,843.27
12/01/2005	2,671.00	2.000%	1,172.98	3,843.98
3/01/2006	2,684.00	2.000%	1,159.63	3,843.63
6/01/2006	2,697.00	2.000%	1,146.21	3,843.21
9/01/2006	2,711.00	2.000%	1,132.72	3,843.72
12/01/2006	2,725.00	2.000%	1,119.17	3,844.17
3/01/2007	2,738.00	2.000%	1,105.54	3,843.54
6/01/2007	2,752.00	2.000%	1,091.85	3,843.85
9/01/2007	2,766.00	2.000%	1,078.09	3,844.09
12/01/2007	2,779.00	2.000%	1,064.26	3,843.26
3/01/2008	2,793.00	2.000%	1,050.37	3,843.37
6/01/2008	2,807.00	2.000%	1,036.40	3,843.40
9/01/2008	2,821.00	2.000%	1,022.37	3,843.37
12/01/2008	2,835.00	2.000%	1,008.26	3,843.26
3/01/2009	2,850.00	2.000%	994.09	3,844.09
6/01/2009	2,864.00	2.000%	979.84	3,843.84
9/01/2009	2,878.00	2.000%	965.52	3,843.52
12/01/2009	2,893.00	2.000%	951.13	3,844.13
3/01/2010	2,907.00	2.000%	936.66	3,843.66
6/01/2010	2,922.00	2.000%	922.13	3,844.13
9/01/2010	2,936.00	2.000%	907.52	3,843.52
12/01/2010	2,951.00	2.000%	892.84	3,843.84
3/01/2011	2,966.00	2.000%	878.08	3,844.08
6/01/2011	2,980.00	2.000%	863.25	3,843.25
9/01/2011	2,995.00	2.000%	848.35	3,843.35
12/01/2011	3,010.00	2.000%	833.38	3,843.38
3/01/2012	3,025.00	2.000%	818.33	3,843.33
6/01/2012	3,040.00	2.000%	803.20	3,843.20
9/01/2012	3,056.00	2.000%	788.00	3,844.00
12/01/2012	3,071.00	2.000%	772.72	3,843.72
3/01/2013	3,086.00	2.000%	757.37	3,843.37
6/01/2013	3,102.00	2.000%	741.94	3,843.94
9/01/2013	3,117.00	2.000%	726.43	3,843.43
12/01/2013	3,133.00	2.000%	710.84	3,843.84
3/01/2014	3,149.00	2.000%	695.18	3,844.18
6/01/2014	3,164.00	2.000%	679.43	3,843.43
9/01/2014	3,180.00	2.000%	663.61	3,843.61
12/01/2014	3,196.00	2.000%	647.71	3,843.71
3/01/2015	3,212.00	2.000%	631.73	3,843.73

Berkeley County PSSD - Elizabeth Station

Loan of $252,922
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: August 14, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2015	3,228.00	2.000%	615.67	3,843.67
9/01/2015	3,244.00	2.000%	599.53	3,843.53
12/01/2015	3,260.00	2.000%	583.31	3,843.31
3/01/2016	3,277.00	2.000%	567.01	3,844.01
6/01/2016	3,293.00	2.000%	550.63	3,843.63
9/01/2016	3,310.00	2.000%	534.16	3,844.16
12/01/2016	3,326.00	2.000%	517.61	3,843.61
3/01/2017	3,343.00	2.000%	500.98	3,843.98
6/01/2017	3,359.00	2.000%	484.27	3,843.27
9/01/2017	3,376.00	2.000%	467.47	3,843.47
12/01/2017	3,393.00	2.000%	450.59	3,843.59
3/01/2018	3,410.00	2.000%	433.63	3,843.63
6/01/2018	3,427.00	2.000%	416.58	3,843.58
9/01/2018	3,444.00	2.000%	399.44	3,843.44
12/01/2018	3,461.00	2.000%	382.22	3,843.22
3/01/2019	3,479.00	2.000%	364.92	3,843.92
6/01/2019	3,496.00	2.000%	347.52	3,843.52
9/01/2019	3,514.00	2.000%	330.04	3,844.04
12/01/2019	3,531.00	2.000%	312.47	3,843.47
3/01/2020	3,549.00	2.000%	294.82	3,843.82
6/01/2020	3,567.00	2.000%	277.07	3,844.07
9/01/2020	3,584.00	2.000%	259.24	3,843.24
12/01/2020	3,602.00	2.000%	241.32	3,843.32
3/01/2021	3,620.00	2.000%	223.31	3,843.31
6/01/2021	3,639.00	2.000%	205.21	3,844.21
9/01/2021	3,657.00	2.000%	187.01	3,844.01
12/01/2021	3,675.00	2.000%	168.73	3,843.73
3/01/2022	3,693.00	2.000%	150.35	3,843.35
6/01/2022	3,712.00	2.000%	131.89	3,843.89
9/01/2022	3,730.00	2.000%	113.33	3,843.33
12/01/2022	3,749.00	2.000%	94.68	3,843.68
3/01/2023	3,768.00	2.000%	75.93	3,843.93
6/01/2023	3,787.00	2.000%	57.09	3,844.09
9/01/2023	3,806.00	2.000%	38.16	3,844.16
12/01/2023	3,825.00	2.000%	19.13	3,844.13
Total	252,922.00	-	54,571.67	307,493.67 *

*Plus $341.08 one-percent administrative fee paid quarterly. Total fee paid over life of loan is $27,286.4

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of: SPECIMEN

_____

08/04/03
067740.00010

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BOND, SERIES 2003 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1 $330,862

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of THREE HUNDRED THIRTY THOUSAND EIGHT HUNDRED SIXTY-TWO DOLLARS ($330,862), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, as set forth on EXHIBIT B 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 The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month 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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated May 16, 2003.

This Bond is issued (i) to pay the costs of purchase and acquisition of certain previously constructed sewer facilities, constituting improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on July 29, 2003, and a Supplemental Resolution duly adopted by the Issuer on July 29, 2003 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(14) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 2000, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $937,500 (THE "SERIES 2000 A BONDS");

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

(16) SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA INFRASTRUCTURE PROGRAM), DATED OCTOBER 28, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,707,296 (THE "SERIES 1999 A BONDS");

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

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

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

(20) SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 28, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,965,465 (THE "SERIES 2002 D BONDS");

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

(22) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2003, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $252,922 (THE "SERIES 2003 A BONDS").

THE SERIES 1986 B BONDS, THE SERIES 1990 A BONDS, THE SERIES 1994 A BONDS, THE SERIES 1994 C BONDS, THE SERIES 1995 A BONDS, THE SERIES 1995 B BONDS, THE SERIES 1996 A BONDS, THE SERIES 1996 B BONDS, THE SERIES 1996 C BONDS, THE SERIES 1996 D BONDS, THE SERIES 1997 A BONDS, THE SERIES 1997 B BONDS, THE SERIES 1999 A BONDS, THE SERIES 2000 A BONDS, THE SERIES 2001 A BONDS, THE SERIES 2001 B BONDS, THE SERIES 2002 A BONDS, THE SERIES 2002 B BONDS, THE SERIES 2002 C BONDS, THE SERIES 2002 D BONDS, THE SERIES 2002 E BONDS AND THE SERIES 2003 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS."

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

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

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

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of the Net Revenues in favor of the holders of the First Lien Bonds, the Series 2003 A Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2003 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2003 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds and the Series 2003 A Bonds; provided however, that so long as there exists in the Series 2003 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds and the Series 2003 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (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 the payment of the costs of the Project and costs of issuance described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated August 14, 2003.

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 14, 2003.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By _____
Its Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 330,862	August 14, 2003	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $ 330,862

EXHIBIT B

Berkeley County PSSD - Locust Drive

Loan of $330,862
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: August 14, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
9/01/2003	-	-	-	-
12/01/2003	-	-	-	-
3/01/2004	3,374.00	2.000%	1,654.31	5,028.31
6/01/2004	3,391.00	2.000%	1,637.44	5,028.44
9/01/2004	3,408.00	2.000%	1,620.49	5,028.49
12/01/2004	3,425.00	2.000%	1,603.45	5,028.45
3/01/2005	3,442.00	2.000%	1,586.32	5,028.32
6/01/2005	3,459.00	2.000%	1,569.11	5,028.11
9/01/2005	3,476.00	2.000%	1,551.82	5,027.82
12/01/2005	3,494.00	2.000%	1,534.44	5,028.44
3/01/2006	3,511.00	2.000%	1,516.97	5,027.97
6/01/2006	3,529.00	2.000%	1,499.41	5,028.41
9/01/2006	3,546.00	2.000%	1,481.77	5,027.77
12/01/2006	3,564.00	2.000%	1,464.04	5,028.04
3/01/2007	3,582.00	2.000%	1,446.22	5,028.22
6/01/2007	3,600.00	2.000%	1,428.31	5,028.31
9/01/2007	3,618.00	2.000%	1,410.31	5,028.31
12/01/2007	3,636.00	2.000%	1,392.22	5,028.22
3/01/2008	3,654.00	2.000%	1,374.04	5,028.04
6/01/2008	3,672.00	2.000%	1,355.77	5,027.77
9/01/2008	3,691.00	2.000%	1,337.41	5,028.41
12/01/2008	3,709.00	2.000%	1,318.95	5,027.95
3/01/2009	3,728.00	2.000%	1,300.41	5,028.41
6/01/2009	3,746.00	2.000%	1,281.77	5,027.77
9/01/2009	3,765.00	2.000%	1,263.04	5,028.04
12/01/2009	3,784.00	2.000%	1,244.21	5,028.21
3/01/2010	3,803.00	2.000%	1,225.29	5,028.29
6/01/2010	3,822.00	2.000%	1,206.28	5,028.28
9/01/2010	3,841.00	2.000%	1,187.17	5,028.17
12/01/2010	3,860.00	2.000%	1,167.96	5,027.96
3/01/2011	3,879.00	2.000%	1,148.66	5,027.66
6/01/2011	3,899.00	2.000%	1,129.27	5,028.27
9/01/2011	3,918.00	2.000%	1,109.77	5,027.77
12/01/2011	3,938.00	2.000%	1,090.18	5,028.18
3/01/2012	3,958.00	2.000%	1,070.49	5,028.49
6/01/2012	3,977.00	2.000%	1,050.70	5,027.70
9/01/2012	3,997.00	2.000%	1,030.82	5,027.82
12/01/2012	4,017.00	2.000%	1,010.83	5,027.83
3/01/2013	4,037.00	2.000%	990.75	5,027.75
6/01/2013	4,058.00	2.000%	970.56	5,028.56
9/01/2013	4,078.00	2.000%	950.27	5,028.27
12/01/2013	4,098.00	2.000%	929.88	5,027.88
3/01/2014	4,119.00	2.000%	909.39	5,028.39
6/01/2014	4,139.00	2.000%	888.80	5,027.80
9/01/2014	4,160.00	2.000%	868.10	5,028.10
12/01/2014	4,181.00	2.000%	847.30	5,028.30
3/01/2015	4,202.00	2.000%	826.40	5,028.40

Berkeley County PSSD - Locust Drive

Loan of $330,862
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: August 14, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2015	4,223.00	2.000%	805.39	5,028.39
9/01/2015	4,244.00	2.000%	784.27	5,028.27
12/01/2015	4,265.00	2.000%	763.05	5,028.05
3/01/2016	4,286.00	2.000%	741.73	5,027.73
6/01/2016	4,308.00	2.000%	720.30	5,028.30
9/01/2016	4,329.00	2.000%	698.76	5,027.76
12/01/2016	4,351.00	2.000%	677.11	5,028.11
3/01/2017	4,373.00	2.000%	655.36	5,028.36
6/01/2017	4,395.00	2.000%	633.49	5,028.49
9/01/2017	4,417.00	2.000%	611.52	5,028.52
12/01/2017	4,439.00	2.000%	589.43	5,028.43
3/01/2018	4,461.00	2.000%	567.24	5,028.24
6/01/2018	4,483.00	2.000%	544.93	5,027.93
9/01/2018	4,506.00	2.000%	522.52	5,028.52
12/01/2018	4,528.00	2.000%	499.99	5,027.99
3/01/2019	4,551.00	2.000%	477.35	5,028.35
6/01/2019	4,574.00	2.000%	454.59	5,028.59
9/01/2019	4,596.00	2.000%	431.72	5,027.72
12/01/2019	4,619.00	2.000%	408.74	5,027.74
3/01/2020	4,642.00	2.000%	385.65	5,027.65
6/01/2020	4,666.00	2.000%	362.44	5,028.44
9/01/2020	4,689.00	2.000%	339.11	5,028.11
12/01/2020	4,712.00	2.000%	315.66	5,027.66
3/01/2021	4,736.00	2.000%	292.10	5,028.10
6/01/2021	4,760.00	2.000%	268.42	5,028.42
9/01/2021	4,783.00	2.000%	244.62	5,027.62
12/01/2021	4,807.00	2.000%	220.71	5,027.71
3/01/2022	4,831.00	2.000%	196.67	5,027.67
6/01/2022	4,856.00	2.000%	172.52	5,028.52
9/01/2022	4,880.00	2.000%	148.24	5,028.24
12/01/2022	4,904.00	2.000%	123.84	5,027.84
3/01/2023	4,929.00	2.000%	99.32	5,028.32
6/01/2023	4,953.00	2.000%	74.67	5,027.67
9/01/2023	4,978.00	2.000%	49.91	5,027.91
12/01/2023	5,003.00	2.000%	25.02	5,028.02
Total	330,862.00	-	71,387.49	402,249.49 *

*Plus $446.18 one-percent administrative fee paid quarterly. Total fee paid over life of loan is $35,694.40.

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: _____, _____.

_____

SPECIMEN

In the presence of:

_____

SPECIMEN

08/04/03
067740.00010

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
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Writer's Contact Information

August 14, 2003

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2003 A and Series 2003 B
(West Virginia SRF Program)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Berkeley County Public Service Sewer District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $252,922 Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), and its $330,862 Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), both dated the date hereof (collectively, the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement dated May 16, 2003, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond for each series, registered as to principal and interest to the Authority, bearing interest at the rate of 2% per annum, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, and ending December 1, 2023, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to a SRF Administrative Fee equal to 1% of the principal amount of the Bonds as set forth in the Schedule Y attached to the Loan Agreement.

TERRALEX
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The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of purchase and acquisition of certain previously constructed sewer facilities, constituting improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) funding reserve accounts for the Bonds; and (iii) paying certain costs of issuance of the Bonds and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on July 29, 2003, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 29, 2003 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution and the Loan Agreement when used herein.

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

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

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

3. The Resolution and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Resolution contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the 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 First Lien Bonds, and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Second Lien Bonds, Third Lien Bonds and the Notes, all in accordance with the terms of the Bonds and the Bond Legislation. Based upon the certificate of the certified public accountant dated the date

hereof, the Issuer has met the coverage and parity requirements for the issuance of parity bonds of the First Lien Bonds and the resolutions authorizing the First Lien Bonds. The Issuer has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature.

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

6. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

08/04/03
067740/00010

CH602576.1

BERKELEY COUNTY
PUBLIC SERVICE SEWER DISTRICT
P. O. Box 944
Martinsburg, WV 25402
Phone: (304) 263-8566
Fax: (304) 267-7478

Board of Directors:
Robert L. Grove, Sr., Chairman
John C. Kunkle, Treasurer
John E. Myers, Secretary

Walt Sebert
Executive Director
e-mail: sebert@access.mountain.net

August 14, 2003

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program)
and Series 2003 B (West Virginia SRF Program)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Berkeley County Public Service Sewer District, a public service district, in Berkeley County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Bonds dated May 16, 2003, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection ("DEP") (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on July 29, 2003, as supplemented by the Supplemental Resolution duly adopted by the Issuer on July 29, 2003 (collectively, the "Resolution"), the Alternate Main Line Extension Agreements dated April 24, 2003 and September 9, 2001, in connection with the Project (collectively, the "Agreement"), the orders of The County Commission of Berkeley County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned bonds (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

I am 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 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.

3. The Loan Agreement and the Agreement have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer enforceable in accordance with their terms.

4. The Resolution has been duly adopted by the Issuer and is in full force and effect.

5. The execution and delivery of the Bonds, the Agreement and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Agreement, the Loan Agreement and the Resolution and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

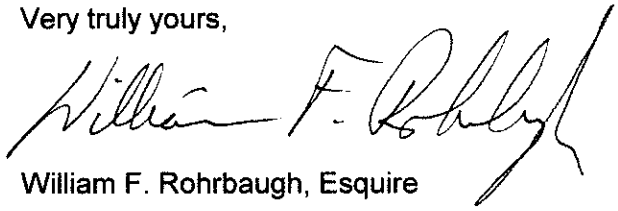
6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Berkeley County, the DEP and the West Virginia Infrastructure and Jobs Development Council, and 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 all requisite orders and approvals from the Public Service Commission of West Virginia, including the Order entered June 28, 1999, in Case No. 98-1484-PSD-CN, approving the rates for the System, and the Order entered on June 19, 2003, in Case No. 01-0934-PSD-PC and 01-1247-PSD-PC, among other things, approving the financing for the Project and the Agreements in connection with the Project. The time for appeal of the Orders has expired prior to the date hereof without any appeal. Such Orders remain in full force and effect.

7. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds, the Agreement, the Loan Agreement, the Resolution, the acquisition of the Project, the operation of the System, the validity of the Bonds, or the collection of the Gross Revenues or the pledge of the Net Revenues for the Bonds.

The Issuer has been sued by property owners (the "Shades") who assert that a pipeline contractor of the Issuer blocked access to the Shades' property for farming purposes during pipeline installation and failed to properly restore the Shades' property following such installation. The pipeline contractor, the pipeline contractor's surety and the engineer for the project are also defendants in the suit. The Shades assert that, as a result of such actions or inactions, the Shades lost farming income and the value of their property has been diminished. The pipeline contractor has performed remedial work for the Shades. The defendants have entered into a joint defense agreement and have reserved their individual rights of indemnification and contribution among the defendants. The Issuer's insurer has agreed to defend the Issuer under a reservation of rights. Issuer's management, however, believes that the result of any reasonable verdict rendered by a court, or settlement between the parties, in such a civil action would not impair the ability of the District to satisfy its financial obligations under the Resolution.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,



William F. Rohrbaugh, Esquire

08/04/03
067740/00010

BERKELEY COUNTY
PUBLIC SERVICE SEWER DISTRICT
P. O. Box 944
Martinsburg, WV 25402
Phone: (304) 263-8566
Fax: (304) 267-7478

Board of Directors:
Robert L. Grove, Sr., Chairman
John C. Kunkle, Treasurer
John E. Myers, Secretary

Walt Sebert
Executive Director
e-mail: sebert@access.mountain.net

August 14, 2003

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

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

Re: Berkeley County Public Service Sewer District
Larry Faircloth Realty, Inc.
Main Line Sewer Extension
SRF Loan ($254,287.00)

Ladies and Gentlemen:

I am General Counsel of the Berkeley County Public Service Sewer District ("District") with regard to the acquisition of a completed main line sewer extension providing sewer utility service to the Elizabeth Station Subdivision developed by Larry Faircloth Realty, Inc. ("Faircloth"), located in Bunker Hill, West Virginia. Said main line sewer extension consists of approximately 10,600 linear feet of 8" gravity sewer main and 40 manholes (hereinafter collectively referred to as the "Project"). Faircloth completed the Project pursuant to the terms of an Alternate Main Line Extension Agreement, dated April 24, 2003, between Faircloth and the District. This letter provides the final title opinion on behalf of the Berkeley County Public Service Sewer District to satisfy the requirements of the West Virginia Department of Environmental Protection with regard to the financing proposed for the Project. Please be advised of the following:

1. The Berkeley County Public Service Sewer District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, purchase, operate and maintain the Project as approved by the West Virginia Department of Environmental Protection and the Public Service Commission of West Virginia.

2. The Berkeley County Public Service Sewer District has obtained all necessary permits and approvals for the construction and purchase of the Project.

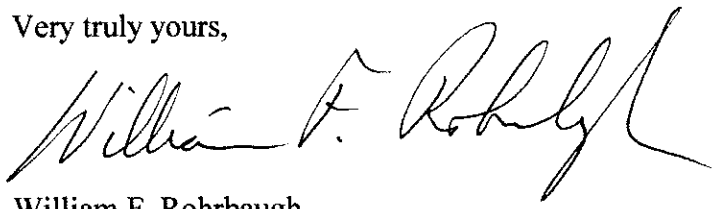
3. I have investigated and ascertained the location and am familiar with the legal description of the necessary sites, including easements and/or rights-of-way, required for the Project as set forth in the plans for the Project prepared by Yebernetsky, Roberts & Stansbury the design engineer for the Project.

4. I 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 Project is located, and, in my opinion, the Berkeley County Public Service Sewer District has acquired legal title or such other estate or interest in the necessary site components for the Project, including 100% of the easements and rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds or other documents which have been acquired to date by the Berkeley County Public Service Sewer District have been duly recorded in the aforesaid Clerk's office in order to protect the legal title and interest of the Berkeley County Public Service Sewer District.

If you have any questions regarding any of the information contained in this final title opinion, please contact this office.

Very truly yours,



William F. Rohrbaugh
General Counsel
W. Va. State Bar #5048

P.O. Box 944
Martinsburg, WV 25402

xc: Walt Sebert, Executive Director
Samme L. Gee, Esquire
Francesca Tan, Esquire
Vincent A. Collins, Esquire
John Stump, Esquire

BERKELEY COUNTY
PUBLIC SERVICE SEWER DISTRICT
P. O. Box 944
Martinsburg, WV 25402
Phone: (304) 263-8566
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Board of Directors:
Robert L. Grove, Sr., Chairman
John C. Kunkle, Treasurer
John E. Myers, Secretary

Walt Sebert
Executive Director
e-mail: sebert@access.mountain.net

August 14, 2003

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

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

Re: Berkeley County Public Service Sewer District
Phil Cogar Excavating, Inc.
Main Line Sewer Extension
SRF Loan ($332,647.00)

Ladies and Gentlemen:

I am General Counsel of the Berkeley County Public Service Sewer District ("District") with regard to the acquisition of a completed main line sewer extension providing sewer utility service to the Bentwood Subdivision on Locust Drive developed by Phil Cogar Excavating, Inc. ("Cogar"), located in Inwood, West Virginia. Said main line sewer extension consists of approximately 11,570 linear feet of 8" gravity sewer main, 600 linear feet of 4" force main, 43 manholes and one (1) submersible lift station (hereinafter collectively referred to as the "Project"). Cogar completed the Project pursuant to the terms of an Alternate Main Line Extension Agreement, dated September 9, 2001, between Cogar and the District. This letter provides the final title opinion on behalf of the Berkeley County Public Service Sewer District to satisfy the requirements of the West Virginia Department of Environmental Protection with regard to the financing proposed for the Project. Please be advised of the following:

1. The Berkeley County Public Service Sewer District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, purchase, operate and maintain the Project as approved by the West Virginia Department of Environmental Protection and the Public Service Commission of West Virginia.

2. The Berkeley County Public Service Sewer District has obtained all necessary permits and approvals for the construction and purchase of the Project.

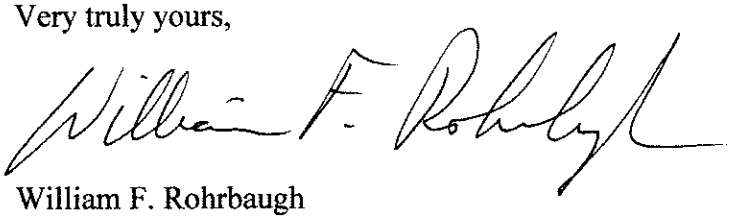
3. I have investigated and ascertained the location and am familiar with the legal description of the necessary sites, including easements and/or rights-of-way, required for the Project as set forth in the plans for the Project prepared by Yebernetsky, Roberts & Stansbury the design engineer for the Project.

4. I 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 Project is located, and, in my opinion, the Berkeley County Public Service Sewer District has acquired legal title or such other estate or interest in the necessary site components for the Project, including 100% of the easements and rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds or other documents which have been acquired to date by the Berkeley County Public Service Sewer District have been duly recorded in the aforesaid Clerk's office in order to protect the legal title and interest of the Berkeley County Public Service Sewer District.

If you have any questions regarding any of the information contained in this final title opinion, please contact this office.

Very truly yours,



William F. Rohrbaugh
General Counsel
W. Va. State Bar #5048

P.O. Box 944
Martinsburg, WV 25402

xc: Walt Sebert, Executive Director
Samme L. Gee, Esquire
Francesca Tan, Esquire
Vincent A. Collins, Esquire
John Stump, Esquire

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS; PURCHASE AGREEMENT
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENTS
11. RATES
12. PUBLIC SERVICE COMMISSION ORDER
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. [RESERVED]
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. EXECUTION OF COUNTERPARTS

On this 14th day of August, 2003, we, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Berkeley County Public Service Sewer District in Berkeley County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), all dated the date hereof (collectively, the "Bonds" or individually, the "Series 2003 A Bonds" and the "Series 2003 B Bonds") as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted July 29, 2003, and the Supplemental Resolution duly adopted July 29, 2003 (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 Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Net Revenues or the pledge thereof.

The Issuer has been sued by property owners (the "Shades") who assert that a pipeline contractor of the Issuer blocked access to the Shades' property for farming purposes during pipeline installation and failed to properly restore the Shades' property following such installation. The pipeline contractor, the pipeline contractor's surety and the engineer for the project are also defendants in the suit. The Shades assert that, as a result of such actions or inactions, the Shades lost farming income and the value of their property has been diminished. The pipeline contractor has performed remedial work for the Shades. The defendants have entered into a joint defense agreement and have reserved their individual rights of indemnification and contribution among the defendants. Issuer's management, however, believes that the result of any reasonable verdict rendered by a court, or settlement between the parties, in such a civil action would not impair the ability of the District to satisfy its financial obligations under the Resolution.

3. GOVERNMENTAL APPROVALS; PURCHASE AGREEMENT: 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. The Alternate Main Line Extension Agreements (the "Agreement") relating to the facilities constituting the Project have been approved by the Public Service Commission of West Virginia.

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

There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2003 Bonds as to liens, pledge and source of and security for payment, being the First Lien Bonds, the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds.

The Series 2003 Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage and parity requirements for issuance of parity bonds of the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds have been met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2003 Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Second Lien Bonds and the Fourth Lien Bonds to the issuance of the Series 2003 Bonds on a senior and prior basis to the Second Lien Bonds and the Fourth Lien Bonds. The Issuer has provided written notice to the Holders of the Third Lien Bonds regarding the issuance of the Series 2003 Bonds on a senior and prior basis to the Third Lien Bonds, there being no consent requirement. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. Pursuant to the Agreement, the developers of the Project will provide a letter of credit to further secure the Series 2003 Bonds.

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

Bond Resolution

Supplemental Resolution

Loan Agreement

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

NPDES Permit

Prior Bond Resolutions

Consent of West Virginia Water Development Authority

Notice to West Virginia Housing Development Fund

Letters of Credit

Alternate Main Line Extension Agreements

Deeds of Easement and Bills of Sale

Receipts for Purchase Price

Evidence of Insurance

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

Name	Date of Commencement of Office	Date of Termination of Office
John W. Myers	July 1, 2003	June 30, 2009
John C. Kunkle	July 1, 1998	June 30, 2004
Robert L. Grove, Sr.	July 1, 2000	June 30, 2005

The duly elected, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2003 are as follows:

Chairman	-	Robert L. Grove, Sr.
Secretary	-	John Myers
Treasurer	-	John Kunkle

The duly appointed and acting counsel to the Issuer is William F. Rohrbaugh, Esquire.

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

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

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

10. LOAN AGREEMENTS: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreements are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreements do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of

the Loan Agreements which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreements not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreements.

11. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on June 28, 1999, in Case No. 98-1484-PSD-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Order has expired prior to the date hereof without any appeal. Such rates and charges are currently in effect.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on June 19, 2003, in Case Nos. 01-0934-PSD-PC and 01-1247-PSD-PC, among other things, approving the financing for the Project and the Agreement in connection with the Project. The time for appeal of the Order has expired prior to the date hereof without any appeal. Such Order remains in full force and effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond for each series, numbered AR-1 and BR-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 Agreements. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received $252,922 from the Authority, being the entire principal amount of the Series 2003 A Bonds and $330,862 from the Authority, being the entire principal amount of the Series 2003 B Bonds from the Authority, there being no interest accrued on either the Series 2003 A Bonds or the Series 2003 B Bonds.

15. [RESERVED]

16. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimens of the Bonds.

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials,

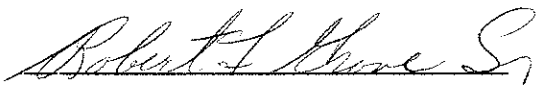
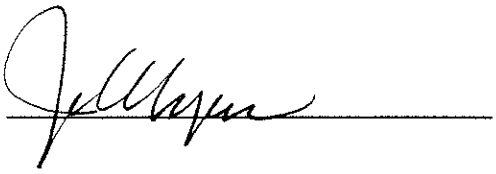
supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. CLEAN WATER ACT: The Project as described in the Bond Legislation complies with Sections 208 and 303(e) of the Clean Water Act.

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

WITNESS our signatures and the official seal of BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT as of the day, month and year first stated above.

[CORPORATE SEAL]

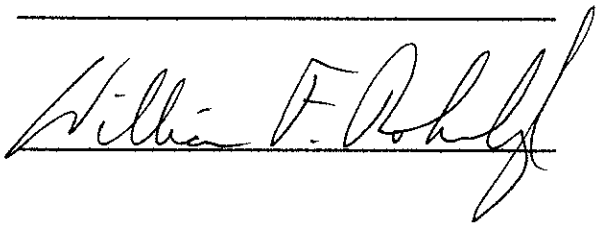
SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
_____	Counsel to Issuer

07/29/03
067740/00010

CH602383.1

WITNESS our signatures and the official seal of BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT as of the day, month and year first stated above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
	Counsel to Issuer

08/04/03
067740/00010

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program)

ENGINEER'S CERTIFICATE

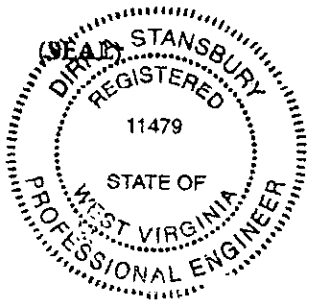
I, Dirk Stansbury, Registered Professional Engineer, West Virginia License No. 11479, of Yebernetsky, Roberts & Stansbury, Inc., in Inwood, West Virginia, hereby certify as follows:

1. My firm served as the engineer for the construction of certain sewerage facilities, consisting of approximately 5,350 linear feet of 8" gravity sewer collection line, 15 manholes and one bore and jack in the Elizabeth Station Subdivision (the "Project"), to be purchased by Berkeley County Public Service Sewer District (the "Issuer") from Larry Faircloth Realty, Inc. (the "Company"), which acquisition is being financed by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on July 29, 2003, and the Loan Agreement for the Series 2003 A Bonds by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated May 16, 2003.

2. The Bonds are being issued for the purposes of (i) paying the costs of purchase and acquisition of the Project; (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance of the Bonds and related costs.

3. The undersigned hereby certifies that (i) the Project has been constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority and the DEP, requesting the Authority to purchase the Bonds (the "Application"), (ii) the Project is adequate for its intended purpose and has an estimated useful life of at least 35 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear, (iii) the Company and the Issuer, as appropriate, have obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition, construction and operation of the Project, (iv) 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 irrevocably committed therefor, if any, are sufficient to pay the costs of acquisition of the Project as set forth in the Application, and (v) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 14th day of August, 2003.



YEBERNETSKY, ROBERTS & STANSBURY, INC.

Dirk Stansbury, P.E.
West Virginia License No. 11479

08/06/03
067740/00010

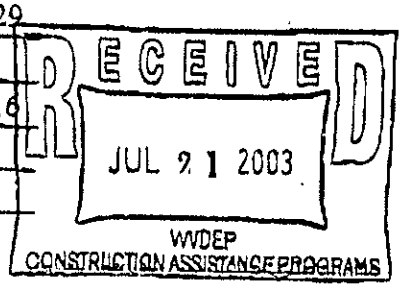
SCHEDULE A

NAME OF GOVERNMENT AGENCY: Berkeley Co. PSSD

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

1 Construction	$ 225,629	
2 Technical Services		
3 Legal & Fiscal	$ 3,416	
4 Administrative		
5 Site & Other Lands		
6 Fac. Plan/Design or Other Loan Repayment (Specify Type)		
7 Accountant		
8 Contingency		
9 Total of Lines 1 though 8		$ 229,045



B. Sources of Funds

10 Federal Grants: (Specify Sources)		
11 State Grants: (Specify Sources)		
12 Other Grants:		
13 Any Other Source (Specify)		
14 Total of Lines 10 Thourgh 13		
15 Net Proceeds Required from Bond Issue (Line 9 minus Line 14)		$0
		$ 229,045

C. Cost of Financing

16 Capitalized Interest (Construction Period plus six months)		
17 Funded Reserve Account	$ 15,377	
18 Other Costs: Bond Counsel	$ 8,500	
19 Total of Cost of Financing (Line 15 plus Line 19)		$ 23,877
20 Size of Bond Issue (Line 15 plus Line 19)		$ 252,922

Signature of Applicant Date 07/15/03

Signature of Consulting Engineer Date 7/14/03

SCHEDULE A

NAME OF GOVERNMENT AGENCY: Berkeley Co. PSSD

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

RECEIVED
JUL 21 2003
WVDEP
CONSTRUCTION ASSISTANCE PROGRAMS

A. Cost of Project

1 Construction	$ 297,451	
2 Technical Services		
3 Legal & Fiscal	$ 4,797	
4 Administrative		
5 Site & Other Lands		
6 Fac. Plan/Design or Other Loan Repayment (Specify Type)		
7 Accountant		
8 Contingency		
9 Total of Lines 1 though 8		$ 302,248

B. Sources of Funds

10 Federal Grants: (Specify Sources)			
11 State Grants: (Specify Sources)			
12 Other Grants:			
13 Any Other Source (Specify)			
14 Total of Lines 10 Thourgh 13			$0
15 Net Proceeds Required from Bond Issue (Line 9 minus Line 14)			$ 302,248

C. Cost of Financing

16 Capitalized Interest (Construction Period plus six months)		
17 Funded Reserve Account	$ 20,114	
18 Other Costs: Bond Counsel	$ 8,500	
19 Total of Cost of Financing (Line 15 plus Line 19)		$ 28,614
20 Size of Bond Issue (Line 15 plus Line 19)		$ 330,862

Robert F. Hume Sr. 07/15/03
Signature of Applicant Date

[signature] 7/16/03
Signature of Consulting Engineer Date

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program)

ENGINEER'S CERTIFICATE

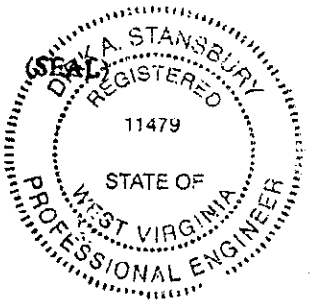
I, Dirk Stansbury, Registered Professional Engineer, West Virginia License No. 11479, of Yebernetsky, Roberts & Stansbury, Inc., in Inwood, West Virginia, hereby certify as follows:

1. My firm served as the engineer for the construction of certain sewerage facilities, consisting of approximately 5,350 linear feet of 8" gravity sewer collection line, 26 manholes and 2 bore and jacks in the Bentwood Subdivision on Locust Drive (the "Project"), to be purchased by Berkeley County Public Service Sewer District (the "Issuer") from Phillip P. Cogar ("Cogar"), which acquisition is being financed by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on July 29, 2003, and the Loan Agreement for the Series 2003 B Bonds by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated May 16, 2003.

2. The Bonds are being issued for the purposes of (i) paying the costs of purchase and acquisition of the Project; (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance of the Bonds and related costs.

3. The undersigned hereby certifies that (i) the Project has been constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority and the DEP, requesting the Authority to purchase the Bonds (the "Application"), (ii) the Project is adequate for its intended purpose and has an estimated useful life of at least 35 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear, (iii) Cogar and the Issuer, as appropriate, have obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition, construction and operation of the Project, (iv) 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 irrevocably committed therefor, if any, are sufficient to pay the costs of acquisition of the Project as set forth in the Application, and (v) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 14th day of August, 2003.



(SEAL)

YEBERNETSKY, ROBERTS & STANSBURY, INC.

Dirk Stansbury, P.E.
West Virginia License No. 11479

08/06/03
067740/00010

CH603022.2

Jerry P. Kerr, CPA
Bob Soonthornchai, CPA
Gerald A. Parker, CPA
Gary W. Lee, CPA
David M. Frazier, CPA
Robert B. Dale, III, CPA
R. Steven Spitzer, CPA
Jeffrey L. Everly, CPA
W. Mark Rudolph, CPA
Thomas W. Moler, Jr., CPA
Gregory S. Crawford, CPA
C. Scott Moulden, CPA
Darren B. Iden, CPA
James F. Snyder, Jr., CPA
Kimberly P. Belcher, CPA
Kevin L. Branner, CPA

Yount, Hyde & Barbour, P.C.
Certified Public Accountants
and Consultants

Ralph P. Yount, CPA (1947-76)
Lewis H. Hyde, CPA (1947-02)
Marshall R. Bryant, CPA (1957-86)
Robert S. Barbour, CPA, (1971-92)
John R. Fisher, III, CPA (Retired)
Julian D. Berlin, Jr., CPA (Retired)
David F. Allemong, CPA (Retired)

August 14, 2003

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Commission Order of the Public Service Commission of West Virginia entered June 28, 1999, in Case No. 98-1484-PSD-CN, projected operation and maintenance expenses and anticipated customer usage as furnished to us by Berkeley County Public Service Sewer District (the "Issuer""), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") 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 the Issuer's Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program) (collectively, the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by or payable from the revenues of the System, on a parity with or junior to the Bonds, including all Prior Bonds of the Issuer as defined and described in the Bond Resolution of the Issuer adopted July 29, 2003, authorizing the Bonds. It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the acquisition of the sewerage facilities to be financed by the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Bonds. For the purposes of this calculation, we only included 75% of the "estimated average increased annual Net Revenues to be received in each of the three succeeding years" to the extent such increased Net Revenues are expected to be derived from an increase in the number of users to be served by the Project financed by the Bonds.

Very truly yours,

Yount, Hyde & Barbour, P.C.

50 South Cameron St.
P.O. Box 2560
Winchester, VA 22604
540-662-3417
FAX 540-662-4211

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

On this 14th day of August, 2003, the undersigned Chairman of the Public Service Board of Berkeley County Public Service Sewer District in Berkeley County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $252,922 in aggregate principal amount of Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), and $330,862 in aggregate principal amount of Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program) of the Issuer, both dated August 14, 2003 (collectively, the "Bonds" or, individually, the "Series 2003 A Bonds" and the "Series 2003 B Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on July 29, 2003 (the "Bond Resolution"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 14, 2003, the date on which the Bonds are being physically delivered in exchange for the entire principal of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued

by the West Virginia Water Development Authority (the "Authority") or the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP") or the West Virginia Infrastructure and Jobs Development Council, as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds by reason of the classification of such Bonds as "private activity bonds" within the meaning of the Code. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. (A) The Series 2003 A Bonds were sold on August 14, 2003, to the Authority, pursuant to a loan agreement dated May 16, 2003, by and among the Issuer, the DEP and the Authority, for an aggregate purchase price of $252,922, at which time, the Issuer received the entire principal amount of the Series 2003 A Bonds, there being no interest accrued thereon.

(B) The Series 2003 B Bonds were sold on August 14, 2003, to the Authority, pursuant to a loan agreement dated May 16, 2003, by and among the Issuer, the DEP and the Authority, for an aggregate purchase price of $330,862, at which time, the Issuer received the entire principal amount of the Series 2003 B Bonds, there being no interest accrued thereon.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of purchase and acquisition of certain previously constructed sewer facilities, constituting improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) funding the respective reserve accounts for the Bonds; and (iii) paying certain costs of issuance of the Bonds and related costs.

7. The Project shall be acquired on the date of delivery of this certificate which will require that the Issuer expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition of the Project and the allocation of the net sale proceeds of the Bonds to expenditure of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the Reserve Accounts for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before October 15, 2003. The acquisition of the Project is expected to be completed on the date hereof.

8. The total cost of the Project financed from the proceeds of the Bonds (including all costs of issuance of the Bonds) is estimated at $583,784. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2003 A Bonds	$252,922
Proceeds of the Series 2003 B Bonds	$330,862
Total Sources	$583,784

USES

Costs of Acquisition of the Project	$ 531,293
Capitalized Interest on the Bonds	$ -0-
Fund Series 2003 A Bonds Reserve Account	$ 15,377
Fund Series 2003 B Bonds Reserve Account	$ 20,114
Costs of Issuance	$ 17,000
Total Uses	$583,784

The amount of the costs of the Project is estimated to be at least equal to the gross proceeds of the Bonds.

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Bonds:

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

(2) Operation and Maintenance Fund (established by the Prior Resolutions);

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

(4) Series 2003 A Bonds Construction Trust Fund;

(5) Series 2003 B Bonds Construction Trust Fund;

(6) Series 2003 A Bonds Sinking Fund;

(7) Series 2003 B Bonds Sinking Fund;

(8) Series 2003 A Bonds Reserve Account; and

(9) Series 2003 B Bonds Reserve Account.

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

(a) Bond proceeds in the amount of $-0- will be deposited in the Series 2003 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2003 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(b) Series 2003 A Bonds proceeds in the amount of $15,377 will be deposited in the Series 2003 A Bonds Reserve Account.

(c) The balance of the proceeds of the Series 2003 A Bonds will be deposited in the Series 2003 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Series 2003 A Bonds and related costs.

(d) Bond proceeds in the amount of $-0- will be deposited in the Series 2003 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2003 B Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(e) Series 2003 B Bonds proceeds in the amount of $20,114 will be deposited in the Series 2003 B Bonds Reserve Account.

(f) The balance of the proceeds of the Series 2003 B Bonds will be deposited in the Series 2003 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Series 2003 B Bonds and related costs.

11. (A) Moneys held in the Series 2003 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2003 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2003 A Bonds Sinking Fund and Series 2003 A Bonds Reserve Account, if any, will be withdrawn therefrom and will be deposited, not less than once each

year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

(B) Moneys held in the Series 2003 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2003 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2003 B Bonds Sinking Fund and Series 2003 B Bonds Reserve Account, if any, will be withdrawn therefrom and will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. The Project will be acquired on the date of delivery of this Certificate.

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

14. (A) With the exception of the amount deposited in the Series 2003 A Bonds Sinking Fund for payment of interest, if any, on the Series 2003 A Bonds and the amount deposited in the Series 2003 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 2 months from the date of issuance thereof.

(B) With the exception of the amount deposited in the Series 2003 B Bonds Sinking Fund for payment of interest, if any, on the Series 2003 B Bonds and the amount deposited in the Series 2003 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 2 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

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

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

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

19. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

20. The Issuer shall use the Series 2003 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.

21. The Bonds are not federally guaranteed.

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

23. (A) The Issuer has either (a) funded the Series 2003 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 2003 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 2003 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 2003 A Bonds Reserve Account and the Series 2003 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.

(B) The Issuer has either (a) funded the Series 2003 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 2003 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 2003 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 2003 A Bonds Reserve Account and the Series 2003 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.

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

25. 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.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

WITNESS my signature as of the day, month and year first stated above.

BERKELEY COUNTY PUBLIC SERVICE
SEWER DISTRICT

Chairman

07/29/03
067740/00010

CH602540.1

STATE OF WEST VIRGINIA,
COUNTY OF BERKELEY, } TO WIT:

I, John W. Small, Jr., Clerk of the County Court of Berkeley
a Court of record in and for said County and State, do certify that the foregoing is a t
curate and complete copy of Commission minutes of March 2, 1970

as the same appears of record in the Office of the said Clerk of the County Court in M
Book No. 25, Page 33.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said court, at m
in said County, this 30th day of April, 1990.

Clerk of the County Court of Berkeley County,

IN RE: INSURANCE PROFESSIONAL LIABILITY - SHERIFF'S DEPARTMENT

Ben Berger, Saint Paul Mercury Insurance Firm appeared before the Commission w
Professional Liability Insurance Policy to include the Police Reserve at the Sheriff
[redacted] annually.

Commissioner Wright moved the Commission accept the NATIONAL SHERIFFS' Associ
Policy as of February 23, 1979 at 12:00 Midnight and accept the new poli
February 22, 1979 at 12:01 P.M. with Saint Mutual.
Refund premium from the National Sheriffs Association will be in the amount of
Commissioner Wright seconded. So ordered.

IN RE: BERKELEY COUNTY PUBLIC SERVICE DISTRICT FOR COUNTY SEWER SERVICE

Sarnaia Mazzara appeared before the Commission with an ORDER for a public hearin
10, 1979 at 10:30 A.M. for the creation of a Public Service District to provide sew
vice for Berkeley County.
Commissioner Downey moved the ORDER be placed on the Minutes.
Commissioner Wright seconded. So ordered.

O R D E R

Pursuant to the authority vested in the County Commission of Berkeley County, W
Virginia, by W. Va. Code, 16-13A-2, the County Commission of Berkeley County, West V
on its own motion, by order duly adopted on this day, the 2nd of March, 1979, hereby
the creation of a public service district for providing sewerage services for Berkel
West Virginia.
The territory to be embraced by this public service district is all of Berkeley
West Virginia. The name of the proposed public service district shall be the Berke
Sewer Authority. The purpose of this public service district shall be the furtherance
tion of the public health, comfort and convenience of the residents of Berkeley Coun
viding county-wide sewerage services to collect, treat, purify or dispose of liquid
wastes, sewage or industrial wastes.
Further, the County Commission fixes the date of Wednesday, April 10, 1979, at 1
for a public hearing on the creation of the proposed public service district, this da
not more than forty (40) days nor less than twenty (20) days from today. This public
shall be held at Berkeley County Court House, Room 5.
Further the Clerk of the County Commission of Berkeley County is directed to cau
of this public hearing to be given by publication as a Class I legal advertisement in
liance with the provisions of W. Va. Code, 59-3-1 et seq. in the Evening Journal, Mar
West Virginia. This notice by publication shall contain the time and place of the pu
hearing and shall set forth a description of all the territory proposed to be include
public service district. Further, this publication shall be completed at least ten (
prior to the public hearing.
Further, the Clerk of the County Commission of Berkeley County shall cause to be
in at least five conspicuous places in the proposed public service district, a notice
ing the same information as is contained in the published notice outlined above. Fur
these posted notices shall be posted not less than ten (10) days before the public hea
Further, at this hearing all persons residing in, owning or having an interest in
in Berkeley County, West Virginia, shall have an opportunity to be heard for and agai
creation of this proposed public service district. Also, at this hearing the County C
of Berkeley County shall consider and determine the feasibility of the creation of thi
posed public service district.

COUNTY COMMISSION OF BERKELEY COUNTY
WEST VIRGINIA
S/S by John Evans Wright, President

IN RE: JENELLE ROBINSON AND SHELLEY MASON APPOINTED AS OFFICE DEPUTY ASSESSOR

Mrs. Helen Vickers appeared before the Commission and swore in Jenelle Robinson a
Mason as Office Deputy Assessors for the County Assessors Office.

IN RE: APPLICATION OF IDA E. SINE AS NOTARY PUBLIC

Upon the application of Ida E. Sine, of Rt. 1, Box 474, Gerrardstown, W. Va., for
ment as Notary Public in and for the County of Berkeley, it was shown to the satisfac
this Court, that said applicant is a resident of the County from which she seeks appoi
that she is competent to perform the duties of such office, and that she is a person o
moral character, all of which the Clerk of the Court is directed to certify according

---

IN RE: RAILROAD CONTRIBUTION FOR FENCING FOR P.C. FURLONG FARM

Commissioner Downey moved the Commission sign the letter from the Park and Rec. B
concerning the fencing the Railroad against the County Farm.
Commissioner Wright seconded. So ordered.

Mr. J. M. Emmett, Division Manager
Operating Department
Chessie System
Hinton Station
Baltimore, MD 21201

[redacted]

STATE OF WEST VIRGINIA,
COUNTY OF BERKELEY, } TO WIT:

I, John W. Small, Jr., Clerk of the County Court of Berkeley Cou a Court of record in and for said County and State, do certify that the foregoing is a true, curate and complete copy of Commission Minutes of November 27, 1979

as the same appears of record in the Office of the said Clerk of the County Court in Minu Book No. 25, Page 227.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said court, at my off in said County, this 30th day of April, 19 90.

Clerk of the County Court of Berkeley County, W.

Commission Minutes of Nov. 27.

IN RE: CHECKS SIGNED WITH THE PRESIDENTS' STAMP

The following checks were signed with the Presidents' stamp.

Jail Improvement and Operating.....No. 35
Dog Tax Fund.....No. 357 - 358
General Co. Fund.....No. 27339 - 27361

IN RE: ORDER - CREATING BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Commissioner Burkhart moved the Commission sign and record an ORDER creating Be County Public Service Sewer District, and recorded NUNC PRO TUNC.
Commissioner Wright seconded. So ordered.

ORDER

Pursuant to the authority vested in the County Commission of Berkeley County, W Virginia, by West Virginia Code, 16-13A-2, the County Commission of Berkeley County, Virginia, on this 10th day of April, 1979, at 10:30 o'clock a.m. held, pursuants to a entered March 2, 1979, by this Commission, and after the prescribed notice, a public on the creation of a public service district for providing sewerage services for Berk County, West Virginia.

At this public hearing held this 10th day of April, 1979 all persons residing i owning or having any interest in property in this proposed public service district hac opportunity to be heard for and against its creation. After hearing all interested p the County Commission of Berkeley County considered and determined the feasibility of creation of this proposed public service district.

Further, the County Commission of Berkeley County, West Virginia, has determine the construction or acquisition by purchase or otherwise and maintenance, operation, ment, and extension of public service properties by such public service district will conducive to the preservation of public health, comfort and convenience of this area. therefore the order of the County Commission of Berkeley County, West Virginia that th created a public service district for providing sewerage services for Berkeley County, Virginia with the territory to be embraced by this public service district to be all Berkeley County, West Virginia. The public service district shall be called the Berke County Public Service Sewer District.

This Order shall be effective and entered this 10th day of April, 1979.

County Commission of Berkeley
County, West Virginia

S/S by John Evans Wright
Its President

ORDERED Commission Recess to Meet Friday, November 30, 1979 at 9:30 A.M.

John Evans Wright Pre

In Vacation of Court. November 21, 1979

IN RE: SYMPATHY EXTENDED TO COMMISSIONER DOWNEY

Commissioners Wright and Burkhart join in extending this heart felt sympathy to Commissioner Harold A. Downey at the time of the loss of his beloved wife Dorothy "Rice Downey and hereby order that the Court House be closed to business from the end of the day Wednesday, November 23 until the beginning of the work day on Monday, November 26.

This is done as a expression of respect and sympathy.

Also, be it know, Commissioner Downey is excused from the usual Commission activi by reason of necessity during the time of his bereavement.

In Vacation of Court. November 30, 1979

IN RE: ABSTRACT FROM COMMISSIONER'S ORDERS - SPEED ZONING STUDY

CC
AEE
CH
HD
DT
PJ
District
Five
County
Commission
Dept. of
Public
Safety
WV Motor
Truck Assoc.

Pursuant to authority vested in the Commissioner by Chapter 17C, Article 6, Section 2, of the Official Code of West Virginia, Director Traffic Engineering Division, and the concurrence of the Chief Engine Development and the State Highway Engineer, hereby ORDERS that the at summary of the results of a SPEED ZONING STUDY be recorded and County 13/1 in BERKELEY COUNTY, DISTRICT FIVE, be signed in accordance with conclusions thereof.

This order shall be effective when appropriate signs giving noti the public have been erected.

Entered this 15th day of November

S/S by Charles L. Miller
West Virginia Commissioner of Hig

County Commission of Berkeley County

126 WEST KING STREET
MARTINSBURG, WEST VIRGINIA 25401
PHONE (304) 264-1923

THE COMMISSION

HOWARD L. STRAUSS, COMMISSIONER
POST OFFICE BOX 1812
MARTINSBURG, WEST VIRGINIA 25402

STEVEN C. TEUFEL, COMMISSIONER
POST OFFICE BOX 1050
MARTINSBURG, WEST VIRGINIA 25402

JOHN E. WRIGHT, COMMISSIONER
POST OFFICE BOX 357
BUNKER HILL, WEST VIRGINIA 25413

www.berkeleycountycomm.org

DEBORAH HAMMOND
COUNTY ADMINISTRATOR

SHERRY A. CAIN
ADMINISTRATIVE SECRETARY

June 12, 2003

John Myers
2114 Street of Dreams
Martinsburg, WV 25401

Dear Mr. Myers:

The Berkeley County Commission, at its meeting on June 12, 2003 re-appointed you to serve as a member on the Berkeley County Public Service Sewer District effective July 1, 2003. Your term will expire on June 30, 2009.

In order to legally serve in this capacity, you must report to the County Clerk's Office in the Berkeley County Courthouse, 100 West King Street, to sign your Oath of Office. Please take this letter to the Courthouse with you for purposes of oath preparation.

If you have any questions or do not wish to serve, please contact me at 264-1923.

Best regards,

Deborah Hammond

Deborah E. Hammond
County Administrator

Doc: myers/ps

Cc: John W. Small, Jr., County Clerk
Walt Sebert
Robert Grove

County Commission of Berkeley County

100 WEST KING STREET
MARTINSBURG, WEST VIRGINIA 25401
PHONE (304) 264-1923

THE COMMISSION

JAMES G. "JIM" SMITH, COMMISSIONER
367 EAST MOLER AVENUE
MARTINSBURG, WEST VIRGINIA 25401

ROBERT L. BURKHART, COMMISSIONER
ROUTE 1, BOX 140
MARTINSBURG, WEST VIRGINIA 25401

D. WAYNE DUNHAM, COMMISSIONER
ROUTE 4, BOX 196
MARTINSBURG, WEST VIRGINIA 25401

DEBORAH SHEETENHELM
COUNTY ADMINISTRATOR

DEBORAH A. POWELL
ADMINISTRATIVE SECRETARY

July 1, 1998

John C. Kunkle
P. O. Box 925
Martinsburg, West Virginia 25402

Dear Mr. Kunkle,

The Berkeley County Commission, at its meeting on June 25, 1998, appointed you to serve as a member of the Board of Directors for the Berkeley County Public Service Sewer District. Your six-year term will expire on June 30, 2004.

If you are willing to accept this appointment, at your earliest convenience, please report to the County Clerk's Office in the Berkeley County Courthouse, 100 West King Street, to sign your Oath of Office.

If you have any questions or do not wish to serve, please contact me at 264-1923.

Best regards,

Deborah E. Sheetenhelm
County Administrator

DES/dp

cc: John W. Small, Jr., County Clerk
Walt Sebert, BCPSSD

County Commission of Berkeley County

126 WEST KING STREET
MARTINSBURG, WEST VIRGINIA 25401
PHONE (304) 264-1923

THE COMMISSION

ROBERT L. BURKHART, COMMISSIONER
ROUTE 1, BOX 140
MARTINSBURG, WEST VIRGINIA 25401

C. WAYNE DUNHAM, COMMISSIONER
ROUTE 5, BOX 191
MARTINSBURG, WEST VIRGINIA 25401

JOHN E. WRIGHT, COMMISSIONER
POST OFFICE BOX 237
BUNKER HILL, WEST VIRGINIA 25413

DEBORAH SHEETENHELM
COUNTY ADMINISTRATOR

SHERRY A. CAIN
ADMINISTRATIVE SECRETARY

September 10, 1999

Mr. Robert Grove
2024 Aldrin Lane
Martinsburg, West Virginia 25401

Dear Mr. Grove:

The Berkeley County Commission, at its meeting on June 24, 1999, reappointed you to serve as a member of the Berkeley County Public Service Sewer District. Your term will expire on 6/30/05.

In order to legally serve in this capacity, you must report to the County Clerk's Office in the Berkeley County Courthouse, 100 West King Street, to sign your Oath of Office.

If you have any questions or do not wish to serve, please contact me at 264-1923.

Best regards,

Deborah E. Sheetenhelm
County Administrator

DES/sac

cc: John W. Small, Jr., County Clerk
Berkeley County Public Service Sewer District

State of West Virginia,

Berkeley County, Sct.;

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

personally appeared Robert Grove v

has been duly appointed to the office of

Member of the Berkeley County Public Service Sewer Distri

and took and subscribed the following:

I, Robert Grove, Sr., do solemnly swear that I v

support the Constitution of the United States and the Constitution of the State of West Virgin

I, Robert Grove Sr., do solemnly swear that I w

faithfully discharge the duties of the office of

Member of the Berkeley County Public Service Sewer District

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

Robert L. Grove Sr

Given under my hand this 15th day of September, 19 99

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 John E. Myers who has been duly appointed to the office of Member of the Board of Directors for the Berkeley Co. Public Service Sewer Dist., and took and subscribed the following:

I, John E. Myers, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, John E. Myers, do solemnly swear that I will faithfully discharge the duties of the office of Member of the Board of Directors for the Berkeley Co. Public Service Dist. to the best of my skill and judgment. So help me God.

John E. Myers

Given under my hand this 1st day of July, 1997

Term Expires: June 30, 2003

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

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

State of West Virginia,

Berkeley County, Sct.;

Before me, JOHN W. SHALL, JR., Clerk of the Court of the County and State aforesaid, personally appeared JOHN C. KUNKLE who has been duly APPOINTED to the office of MEMBER OF THE BOARD OF DIRECTORS - BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT and took and subscribed the following:

I, JOHN C. KUNKLE, do solemnly swear that I will support the Constitution of the United States and the [illegible]

I, JOHN C. KUNKLE, do solemnly swear that I will faithfully discharge the duties of the office of MEMBER OF THE BOARD OF DIRECTORS BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT to the best of my skill and judgment. So help me God.

John C. Kunkle

Given under my hand this 1ST day of JULY 19 98.

Clerk of the County Court of Berkeley County.

RULES OF PROCEDURE

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT.

Section 2. The principal office of this Public Service Sewer District will be located at 65 District Way, Martinsburg, Berkeley County, 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 Sewer 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 every other Tuesday, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the 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, 2 members shall constitute a quorum. 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 Sewer District at the front door or bulletin board of the Berkeley County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place 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 the front door or bulletin board of the place fixed for the 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 Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 29th day of July, 2002.

08/04/03
067740.00010

REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT JANUARY 7, 2003

Board Members:

Robert L. Grove, Sr., Chairman

John E. Myers, Secretary

John C. Kunkle, Treasurer

Staff Members:

Walt Sebert, Executive Director

Curtis B. Keller, General Manager

Guests:

Dave Lipp, Helbing, Lipp

The January 7, 2003 Regular Meeting of the Board of Directors of the Berkeley County Public Service Sewer District was called to order by Chairman Robert L. Grove, Sr. at 7:00 p.m. Roll call. Mr. Grove welcomed Mr. Lipp to the meeting.

Mr. Myers:

Motion to approve the Agenda and Packet as presented.

Mr. Kunkle:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Myers:

Aye.

Mr. Kunkle:

Aye.

Motion carried.

Mr. Myers:

Motion to approve the Minutes of December 17, 2002 as presented.

Mr. Kunkle:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Myers:

Aye.

Mr. Kunkle:

Aye.

Motion carried.

Mr. Myers:

Election of Officers. Motion that officers serve in the same capacity as in 2002: Robert L. Grove, Sr., Chairman, John C. Kunkle, Treasurer, John E. Myers, Secretary.

Mr. Kunkle:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Myers:

Aye.

Mr. Kunkle:

Aye.

Motion carried.

Mr. Myers:

Motion to approve the 2003 District Holiday Schedule as presented.

Mr. Kunkle:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Myers:

Aye.

Mr. Kunkle:

Aye.

Motion carried.

PUBLIC COMMENTS – NONE

Mr. Sebert and Mr. Keller discussed the on-going projects and reviewed the Executive Director's Report and General Manager's Report with the Board.

Mr. Lipp from Helbing Lipp reported the Administration Building progress giving an estimated completion date of March 28, 2003 from W. Harley Miller.

Mr. Myers:

Motion to approve the Change Order submitted by W. Harley Miller to complete installation of a shower in Room 109 as originally designed and bid.

Mr. Kunkle:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Myers:

Aye.

Mr. Kunkle:

Aye.

Motion carried.

Mr. Kunkle:

Motion to approve the Financials as presented.

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Myers:

Aye.

Mr. Kunkle:

Aye.

Motion carried.

No Executive Session was called and no action was taken on legal or contractual issues.

Mr. Myers:

Motion to adjourn.

Mr. Kunkle:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Myers:

Aye.

Mr. Kunkle:

Aye.

Motion carried.

Meeting adjourned at 9:00 p.m.

January 7, 2003 Regular Meeting of the Board of Directors

Berkeley County Public Service Sewer District

Date Minutes Signed: 1/14/03

Robert L. Grove, Sr.
Chairman

John C. Kunkle
Treasurer

John E. Myers
Secretary

REGULAR MEETING OF THE

BOARD OF DIRECTORS OF THE

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

JULY 29, 2003

Board Members:

Robert L. Grove, Sr., Chairman

John C. Kunkle, Treasurer

John E. Myers, Secretary

Staff Members:

Walt Sebert, Executive Director

Curtis B. Keller, General Manager

Gene DeLawder, Fiscal Officer

Guests:

Vince Collins, Steptoe & Johnson Bond Counsel

Steve Spitzer, Yount, Hyde & Barbour

Denise Hott, Yount, Hyde & Barbour

Marty Kazmierczak, Chester Engineers

The July 29, 2003 Regular Meeting of the Board of Directors of the Berkeley County Public Service Sewer District was called to order by Chairman Robert L. Grove, Sr. at 7:00 p.m. Roll call. Mr. Grove welcomed the guests to the meeting.

Mr. Kunkle:

Motion to approve the Agenda as presented and the packet in its entirety.

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Kunkle:

Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Kunkle:

Motion to approve the revised minutes of the July 01, 2003Regular Meeting with the deletion of the motion regarding the O&M expenses. A copy of the revised minutes will be forwarded to the Board members in their next packets.

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Kunkle:

Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Kunkle:

Motion to approve the Minutes of the July 08, 2003 Special Meeting, as presented.

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Kunkle:

Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Kunkle:

Motion to approve the minutes of the July 15, 2003Regular Meeting, as presented.

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Kunkle:

Aye.

Mr. Myers:

Aye.

Motion carried.

There were no public comments under the Sunshine Law.

Mr. Myers:

Motion to approve the Bond Resolution for Sewer Revenue Bonds, Series 2003A and Series 2003B under the WV SRF Program authorizing the purchase and acquisition of additions, improvements and extensions to the existing public sewerage system of Berkeley County PSSD and the financing of the cost for the projects known as Elizabeth Station and Locust Drive. (Copy of Resolution attached).

Mr. Kunkle:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Kunkle:

Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Kunkle:
Aye.

Mr. Myers:
Aye.
Motion carried.

There were no public comments under the Sunshine Law.

Mr. Myers:
Motion to approve the Bond Resolution for Sewer Revenue Bonds, Series 2003A and Series 2003B under the WV SRF Program authorizing the purchase and acquisition of additions, improvements and extensions to the existing public sewerage system of Berkeley County PSSD and the financing of the cost for the projects known as Elizabeth Station and Locust Drive. (Copy of Resolution attached).

Mr. Kunkle:
Second.

Mr. Grove:
All in favor? Aye.

Mr. Kunkle:
Aye.

Mr. Myers:
Aye.
Motion carried.

Mr. Kunkle:

Motion to approve the Supplemental Bond Resolution for Sewer Revenue Bonds Series 2003A and Series 2003B under the WV SRF Program providing as to principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment date, sale prices and other terms of the sewer revenue bonds for the projects known as Elizabeth Station and Locus Drive. (Supplemental Resolution attached).

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Kunkle:

Aye.

Mr. Myers:

Aye.

Motion carried.

PROJECTS:

Mr. Kazmierczak gave an update of the Inwood Phase I and Phase II projects.

Mr. Myers:

Motion to approve Change Order #3 for Contract 5B, D. L. Morgan, Inc., to combine 8" carrier pipe and 1 ½" force main into one 24" steel casing pipe. Extend original contract by 22 days based on miscellaneous delays with a cost savings of $10,777.

Mr. Kunkle:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Kunkle:

Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Kunkle:

Motion to approve the Chairman and Secretary to sign the Deed to the Administration Building located at 1253 Hedgesville Road, Martinsburg, WV for the closing scheduled for Friday, August 1, 2003.

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Kunkle:

Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Spitzer and Mrs. Hott discussed the ongoing audit for FY '02-'03 with the Board of Directors. Although no final numbers are available yet and the audit is not complete their approach to the audit was discussed.

The District's cash flow was discussed as well its effect in future projects and bond issues.

The audit should be completed in the next few weeks and a draft copy will be provided to the District upon completion.

Mr. Kunkle:

Motion to approve the Financials and Payroll as presented.

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Kunkle:

Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Kunkle:

Motion to approve SRF Requisition #10 pay pack for Inwood Phase II Project as listed below:

Contract 1	*Alvarez Contractors*	*$ 106,838.45*
Contract 2	*Ground Breakers*	*$ 243,991.58*
Contract 4A	*Alvarez Contractors*	*$ 277,350.64*
Contract 4B	*Alex Paris Contractors*	*$ 389,465.18*
Contract 5B	*D.L. Morgan Contracting*	*$ 258,011.46*
Contract 7A	*APAC-Virginia*	*$ 682,462.08*
Contract 8	*Alvarez Contractors*	*$ 27,262.75*
	Chester Engineers	*$ 134,679.85*
	BCPSSD	*$ 2,310.40*
Total Pay Pack Amount		*$2,122,372.39*

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Kunkle:

Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Kunkle:

Motion to approve Internal Pay Pack as below:

Berkeley County PSSD	*$ 14,450.68*
Patrick Henry PLLC Mediation	*$ 443.02*
Woolpert LLP	*$ 1,130.00*
D&M Contracting / Cont. 7B Pay Req. #1	*$406,028.15*
For a total pay pack of	*$422,051.85*

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Kunkle:

Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Myers:

Motion to adjourn.

Mr. Kunkle:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Kunkle:

Aye.

Mr. Myers:

Aye.

Motion carried.

Meeting adjourned at 10:00.

July 29, 2003 Regular Meeting of the

Board of Directors of the Berkeley County PSSD

Date Minutes Signed: 8-12-03

Robert L. Grove, Sr.
Chairman

John C. Kunkle
Treasurer

John E. Myers
Secretary

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 14, 2003

(See Reverse for Instructions)

ISSUE: Berkeley County Public Service Sewer District, Sewer Revenue Bonds Series 2003 A (West Virginia SRF Program)

ADDRESS: Post Office Box 944, Martinsburg, WV 25401 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: August 14, 2003

CLOSING DATE: August 14, 2003

ISSUE AMOUNT: $ 252,922

RATE: 2%; Administrative Fee: 1%

1ST DEBT SERVICE DUE: March 1, 2004

1ST PRINCIPAL DUE: March 1, 2004

1ST DEBT SERVICE AMOUNT: $ 3,843.61

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esq.
Phone: 624-8161

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esq.
Phone: 340-1318

CLOSING BANK: The Huntington National Bank
Contact Person: Ms. Brenda Simmons
Phone: (304) 263-8566

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Walt Sebert, P.E.
Position: General Manager
Phone: 263-8566

OTHER: WV Department of Environmental Protection
Contact Person: Ms. Rosalie Brodersen
Function: Branch Leader
Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
X Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
X Reserve Account: $ 15,377
____ Other: ____ $____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early

CH603039.1

25A

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.

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 14, 2003

(See Reverse for Instructions)

ISSUE: Berkeley County Public Service Sewer District, Sewer Revenue Bonds Series 2003 B (West Virginia SRF Program)

ADDRESS: Post Office Box 944, Martinsburg, WV 25401 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X Refunding: ____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: August 14, 2003 CLOSING DATE: August 14, 2003

ISSUE AMOUNT: $ 330,862 RATE: 2%; Administrative Fee: 1%

1ST DEBT SERVICE DUE: March 1, 2004 1ST PRINCIPAL DUE: March 1, 2004

1ST DEBT SERVICE AMOUNT: $ 5,028.31 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esq.
Phone: 624-8161

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esq.
Phone: 340-1318

CLOSING BANK: The Huntington National Bank
Contact Person: Ms. Brenda Simmons
Phone: (304) 263-8566

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Walt Sebert, P.E.
Position: General Manager
Phone: 263-8566

OTHER: WV Department of Environmental Protection
Contact Person: Ms. Rosalie Brodersen
Function: Branch Leader
Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE:

By: ____ Wire / X Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
X Reserve Account: $ 20,114
____ 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: ____

CH603041.1

25B

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.

08/07/03
067740.00010

RESERVED

CentraBank

300 Foxcroft Avenue
Post Office Box 1109
Martinsburg, WV 25402
Phone (304) 262-6500
Fax (304) 262-0927

500 Williamsport Pike
Post Office Box 1109
Martinsburg, WV 25402
Phone (304) 260-9207
Fax (304) 260-9210

August 1, 2003

Berkeley County Public Service Sewer District
Attention: Executive Director
Post Office Box 944
Martinsburg, WV 25401

Dear Ladies and Gentlemen:

1. We hereby establish, for the account of Berkeley County Public Service Sewer District (the "District") and Larry V. Faircloth Realty, Inc., Locust Drive, Elizabeth Station Subdivision, Inwood, West Virginia 25401, in favor of the District, this Irrevocable Letter of Credit (the "Letter of Credit"), in the amount of $254,287.00 (as more fully described below) effective immediately and expiring on August 14, 2004, at 5:00 p.m., Martinsburg, West Virginia time.

2. We hereby irrevocably authorize the District to draw on us in accordance with the terms and conditions hereto by your drafts.

3. a) Commencing August 14, 2003, the District may draw under this Letter of Credit on the 1st day of each month of each year "to the extent that the Net Revenues of the District derived solely from customers connecting to the Collections System" as determined in accordance with that certain Alternate Main Line Extension Agreement (the "Agreement"), dated April 24, 2003, between the District and Larry V. Faircloth Realty, Inc., is insufficient to allow the District to remit to the West Virginia Municipal Bond Commission (the "Commission") for deposit in the Sinking Fund for the Bonds (as hereinafter defined), an amount equal to the monthly payment of principal, interest, and administrative fee, due to be paid by the District to the Commission for the Bonds (as hereinafter defined) on that monthly principal, interest and administrative fee payment date (the "Monthly Insufficiency") and Larry V. Faircloth Realty, Inc. has not remitted to the District the Monthly Insufficiency upon receipt of the District's bill therefore, which bill shall have been submitted to Larry V. Faircloth Realty, Inc. under the provisions of the Agreement. Except as provided in Section 3(b) hereof, each month such draws may not exceed the amounts necessary from time to time to satisfy the District's obligations to pay the debt service and administrative fee

payments on the Berkeley County Public Service Sewer District Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) (the "Bonds") issued pursuant to the Bond Resolution adopted by the District on July 29, 2003, and supplemented by a supplemental resolution also adopted on July 29, 2003.

b) If within thirty days of the Termination Date (i) the District has not been provided with a letter of credit in the place and stead of this Letter of Credit under the provisions of the Agreement and (ii) this Letter of Credit has not been released pursuant to the terms of paragraph 8 hereof, the District shall draw an amount equal to the remaining payments of principal, interest and administrative fee to be made on the Bonds, provided, however, that the total of all draws under this Letter of Credit shall not exceed $254,287.00.

4. Upon deposit in the Series 2003 A Bonds Sinking Fund of the amount specified in section 3(b) above in a draft drawn hereunder, we shall be fully discharged of our obligation under the Letter of Credit with respect to such draft, and we shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such drafts to the District or to any other person.

5. Funds under this Letter of Credit are available to the District against (a) your draft payable on the date such draft is drawn on us, stating on its face: "Drawn Under Centra Bank, Irrevocable Letter of Credit No.1120, and (b) certificate signed by the District's Executive Director in the form of Exhibit 1 attached hereto, appropriately completed. Each such draft and certificate shall be dated the date of presentation, which shall be made at our office located at 300 Foxcroft Avenue, Martinsburg, West Virginia, 25401 (or any other office which may be designated by us by written notice delivered to the District). If we receive the District's draft and certificate at such office, all in strict conformity with the terms and conditions of the Letter of Credit, at or prior to 2:00 p.m., Martinsburg, West Virginia time, on a Business day on or prior to the Termination Date, we will honor the same no later than 1:00 p.m. Martinsburg, West Virginia time, on the next Business Day in accordance with your payment instructions. Payment under this Letter of Credit will be made out of your funds and will be made to the District.

6. As used herein, the term "Business Day" means any day other than Saturday, Sunday, public holiday under the law of the State of West Virginia or other day on which we are authorized or obligated to close in Martinsburg, West Virginia.

7. Communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at our office address set forth in or designated pursuant to paragraph 5 above and shall specifically refer to the number of this Letter of Credit.

8. Pursuant to the terms of the Agreement, this Letter of Credit shall be released by the District once the Net Revenues generated by the Collection System solely from residential and commercial customers, specifically excluding industrial customers, all as defined in the District's sewer ordinance, thereon equals or exceeds 125% of the required monthly debt service payment on the Bonds for a period of six (6) consecutive months.

9. This Letter of Credit is not transferable, in whole or in part, without prior written consent of Centra Bank and Berkeley County Public Service Sewer District.

10. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in anyway be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein except the forms of the certificate and the draft referred to herein, any and such reference (except as aforesaid) shall not be deemed to incorporate herein any document, instrument or agreement except for such certificate or draft.

11. This Letter of Credit shall be governed by the Uniform Customs and Practice for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500 or by subsequent Uniform Customs and practice for Documentary Credits fixed by subsequent congresses of the International Chamber of Commerce (the "UCP") and, to the extent not inconsistent with the UCP, the laws of the State of West Virginia.

Centra Bank has caused this Letter of Credit to be executed by its duly authorized officer as of the date first set forth above.

Sincerely,
Centra Bank

Henry M. Kayes, Jr.
President & CEO

ALTERNATE MAIN LINE EXTENSION AGREEMENT

This 24 day of April, 2003, comes the **BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT** of Berkeley County, West Virginia (hereinafter referred to as the "**DISTRICT**"); and Larry Faircloth Realty, Inc., whose address is P.O. Box 558, Inwood, WV 25428 (hereinafter referred to as the "**DEVELOPER**"); and agree to enter into an Alternate Main Line Extension Agreement for the purpose of transferring a main line sewer extension to serve the Locust Drive/Elizabeth Station Subdivision (hereinafter referred to as the "**DEVELOPMENT**") from the **DEVELOPER** to the **DISTRICT**.

ARTICLE I

CONDITIONS PRECEDENT

Section 1.01 This Agreement is neither binding nor effective until it is approved by an order of the Public Service Commission of West Virginia.

ARTICLE II

DESIGN

Section 2.01 The **DEVELOPER** has employed professional civil engineers and contractors, licensed by the State of West Virginia to administer, design and construct approximately 5,350 linear feet of 8" gravity line, 15 manholes, one railroad bore and jack and necessary appurtenances (hereinafter referred to as the "Collection System"), to connect to the District's Inwood Wastewater Collection System to serve the **DEVELOPMENT**.

Section 2.02 The **DISTRICT** shall bear no financial or other responsibility for the design or construction of the Collection System.

Section 2.03 The **DISTRICT** will review all plans, designs, and specifications and utilize qualified inspectors to ensure the Collection System properly transports and otherwise conveys the sewage from the **DEVELOPMENT** and extensions therefrom in accordance with all current specifications, requirements, regulations, and the terms of this Agreement, minimizes infiltration and eliminates illegal and improper sources of inflow. The **DISTRICT** may require such revisions of said plans and specifications by the **DEVELOPER** as are necessary before giving final approval.

Section 2.04 The **DEVELOPER** shall, at the **DEVELOPER'S** expense, submit the plans and specifications to the appropriate State, Federal and local regulatory agencies for their approval.

ARTICLE III

PERMITS AND EASEMENTS

Section 3.01 The **DEVELOPER** shall, at the **DEVELOPER'S** expense, obtain all the necessary permits, authorizations and approvals of Federal, State, and local agencies prior to the construction phase and shall make such changes as are required by said agencies during the construction phase.

Section 3.02 The **DEVELOPER** shall file an application with the **DISTRICT** for the type of collection system which **DEVELOPER** proposes to provide the **DISTRICT** and said application will contain all material, information and documents necessary to prepare permit applications required by the West Virginia Department of Health for all required permits.

Section 3.03 The **DISTRICT** shall obtain at **DEVELOPER'S** expense all easements and rights-of-way according to the District easement and rights-of-way policies and procedures.

Section 3.04 In order that the **DISTRICT** may in the future provide sewer service to all adjoining properties of the **DEVELOPMENT**, the **DISTRICT** shall require and the **DEVELOPER** shall agree to provide all necessary easements on the **DEVELOPER'S** property that are mutually agreed upon from the **DEVELOPMENT** to all adjoining properties.

ARTICLE IV

CONSTRUCTION AND INSPECTION AND FINAL TESTING

Section 4.01 The **DEVELOPER** will construct the entire Collection System under this Agreement, for the **DEVELOPMENT** at **DEVELOPER'S** expense.

Section 4.02 The **DISTRICT** shall bear no financial or other responsibility for the construction of the **DEVELOPER'S** Collection System to the **DEVELOPMENT** area.

Section 4.03 At all times during the construction of said collection system, the **DEVELOPER** shall maintain sole ownership of said system.

Section 4.04 The **DEVELOPER** and **DISTRICT** agree to the following:

1. Testing shall be done by the **DEVELOPER** at his expense under the supervision of a registered professional engineer and the **DISTRICT**. All the necessary equipment and labor for testing shall be provided and paid for by the **DEVELOPER**. The testing procedure and standard shall be conducted as provided in Section 4.06.
2. Testing shall be done not less than thirty (30) days after the lines have been installed.
3. The **DEVELOPER** agrees to give the **DISTRICT** at least 24 hours notice of any tests to be done and the **DISTRICT** agrees to have a qualified employee to witness and approve the test.
4. A light test when applicable will be conducted according to the accepted industry standards.
5. An air test to check for infiltration and exfiltration will be carried out according to the accepted industry specifications. With the **DISTRICT'S** permission the hydraulic test may be substituted in some instances.
6. If the line fails any of these tests then the **DEVELOPER** shall remedy the defect at his expense. And the tests shall be repeated under the supervision of the **DISTRICT.**
7. The **DISTRICT** agrees to notify the **DEVELOPER**, in writing, within five (5) days of the test(s), as to whether the system is acceptable and if not what parts of are defective and what remedies are required. If no notice is received by the **DEVELOPER** within ten (10) days, then the **DEVELOPER** may assume that the collection system are acceptable by the **DISTRICT**.

Section 4.05 The **DISTRICT** shall have the right to inspect and approve prior to the implementation of service under this Agreement, the construction of the **DEVELOPER'S** system to ensure that sewage will be satisfactorily collected, treated and transported from the Development Area and all extensions therefrom in accordance with current applicable Federal, State and Local regulations and the terms of the Agreement, that infiltration is minimized, that illegal and improper sources of inflow are eliminated, and that the system is constructed in accordance with the Plans and Specifications, using materials in compliance with Federal, State and the **DISTRICT'S** standards.

Section 4.06 Testing Procedures and Standards

ALIGNMENT AND DEFLECTION TESTS

The alignment test is to make sure the pipe is laid on grade. The deflection test is to ensure that the pipe is not collapsed or otherwise bent.

LIGHT TEST

The light test is a check to see that the pipe is properly aligned and not collapsed. The procedure for doing the test is to shine a light into the pipe at a manhole and look into the pipe at the next manhole where applicable. If one sees a full circle of light then the test is passed and further testing for alignment and deflection is not required.

MANDREL TEST

If less than a full circle is observed during the light test, then the mandrel test will be required. The mandrel will check for deflected pipe. A mandrel is a rigid round object with a diameter of 95 percent of the inside diameter of the pipe. The mandrel test is accomplished by manually pulling the mandrel through the pipe. Mechanical pulling is not allowed. If the mandrel passes through without resistance then the pipe has passed the test. If the mandrel appears to have passed through a puddle of water further investigation needs to be done to find the low place(s).

INFILTRATION AND EXFILTRATION TESTS

If the pipe is below the water table this check is to ensure that ground water will not infiltrate the line. If the pipe is above the water table this check is to make sure that sewer does not leak out of the pipe.

LOW PRESSURE AIR TEST

The low pressure air test is performed using the following procedure:

1. Plug both ends of a sewer line using pneumatic plugs. Make sure the plugs are securely blocked. The plug at one end shall have an orifice to allow air to pass into the pipe. The same plug shall have an accurate air gauge having a range of 0 to 25 PSI with minimum divisions of .10 PSI.
2. Air pressure shall be slowly introduced into the section of the line being tested until the air pressure in the line is 4.0 PSI. A minimum of two minutes shall be provided to allow the air pressure to stabilize within the pipe. Air may be slowly added or subtracted to maintain the 4.0 PSI pressure.
3. After the two minute stabilization period adjust the pressure to exactly 3.5 PSI. Start the stopwatch. When the pressure reaches 2.4 PSI to the stopwatch. The portion of the line shall pass if the time for the pressure to go from 3.5 PSI to 2.5 PSI is greater than the time shown on the following table, then no further infiltration/exfiltration testing shall be required on the pipe.

Pipe Diameter (inches)	Time (minutes)
4	2.0
6	3.0
8	4.0
10	5.0
12	5.5
15	7.5
18	8.5
21	10.0
24	11.5

In areas where the ground water is above the level of the pipe the pressure will be increased according to the **DISTRICT'S** specifications. In the event the pipe does not pass, further appropriate investigation as directed by the **DISTRICT** shall be conducted and the pipe repaired. After the repair is completed testing shall be repeated as provided in Section 4.06.

HYDRAULIC TEST

With the permission of the **DISTRICT**, where applicable, a hydraulic test may be conducted instead of the air test. The procedure for this test is as follows:

1. Plug and block the lower end of the sewer line so it is watertight.
2. Slowly fill the next upstream manhole with water until the water level is to the top of the large part of the manhole. Allow the water to soak for one hour then refill to the same level.
3. Let it stand for 24 hours then measure the water in the manhole. The total allowable infiltration/exfiltration from the completed sewer section shall not exceed 200 gallons per inch of internal diameter per mile of sewer per 24 hour period.

Manholes and wet wells will be subject to visual inspection. All visual leaks will be repaired by the **DEVELOPER**. When requested by the **DISTRICT**, the **DEVELOPER** shall perform a water check for manhole and wet well leakage. The test shall be done by filling the manhole or wet well with water and letting it stand for 24 hours. The manhole or wet well shall be allowed to soak for one hour and then refilled. Timing will start after the manhole or wet well is refilled. The manhole or wet well shall not leak or gain more than 50 gallons / 24 hours.

Section 4.07 Final Testing and Inspection

The **DISTRICT** shall have the right to visually inspect and conduct tests upon the system before it approves the system. If defects are found the **DISTRICT** shall notify the **DEVELOPER** in writing of such defects and prescribe the action necessary to remedy the problem. Any defects will be repaired by the

DEVELOPER. Testing after repairs are completed will be done by the **DISTRICT** and at **DEVELOPER'S** expense under the supervision of the **DISTRICT** as provided in Section 4.06.

Section 4.08 The **DISTRICT** shall have the right to conduct final tests of the collection system to include but not limited to mandrel, air pressure, hydrostatic, and visual inspection tests in accordance with **DISTRICT** specifications. **DEVELOPER** is not to make final hook up until such time as record (as built) plans are submitted to the **DISTRICT**, all aspects of the collection and treatment system have been inspected and tested and approved by the **DISTRICT.**

ARTICLE V

TRANSFER OF OWNERSHIP

Section 5.01 Upon completion of the construction of the entire system, to the **DEVELOPMENT** area, the **DEVELOPER** shall have obtained such State, Federal, and required local certifications, authorizations or approvals at the **DEVELOPER'S** expense. After said certifications, authorizations or approvals are obtained, and the collection system is completed in all respects, the **DEVELOPER** shall provide the **DISTRICT** written notice of final completion, that the entire system is completed in all respects. As used in this and subsequent Sections, "completed in all respects" includes, but is not limited to, the system being physically complete, all engineers, materialmen, Contractors and subcontractors of the **DEVELOPER** have been paid for their work on said system, and a legal certification from the **DEVELOPER** that all legal disputes regarding the collection system are resolved, and no outstanding liens or potential liens exist regarding the collection system, the same to be certified in writing by the **DEVELOPER.**

Section 5.02 If, after receipt of the notice set forth in Section 5.01, the **DISTRICT** determines that the **DEVELOPER'S** system is in good and proper working condition, that no changes, repairs, or additions are necessary, and that the collection system is complete in all respects in accordance with the plans and specifications and that the property and sewerage facilities to be transferred are capable of being accessed by others, the **DISTRICT** shall purchase ownership of the entire system, including easements, and all real property and easements necessary for ownership, operation and maintenance of the system, as outlined in Exhibit A, and all extensions thereto as outlined in Article VI.

Section 5.03 At the time of the transfer of ownership, the **DEVELOPER** shall deliver to the **DISTRICT** a mylar sepia reproducible original and three (3) blue line printed copies of the plans of the Collection system, reflecting its actual construction. The **DEVELOPER** shall also deliver to the **DISTRICT** all shop drawings, operating manuals, and written warranties that were required by the construction specifications and drawings.

[*]

Section 5.04 Nothing in this Article shall be construed to allow the **DISTRICT** to purchase ownership of the collection system a section at a time or any portion less then the completion of the entire collection system.

ARTICLE VI

TERMS OF PAYMENT

Section 6.01 Upon completion of the sewerage system and all inspections required to be conducted under Article 4 of this agreement, the **DISTRICT** will purchase the collection system and extensions thereto including all easements, and rights-of-entry and rights-of-way by utilizing West Virginia State Revolving Loan Funds.

Section 6.02 Since the financing, design and construction of the sewerage system is not being conducted by a public entity regulated by the West Virginia Public Service Commission and to ensure that the costs of the collection system are reasonable at the time of completion, **DEVELOPER** shall provide proof that the collection system was constructed in a cost effective manner by submitting to the **DISTRICT** at the time of purchase its two lowest bids for the job.

Section 6.03 The **DISTRICT** and the **DEVELOPER** will work together expeditiously to obtain Public Service Commission and State Revolving Fund (hereinafter "**SRF**") approval from the **SRF** to lend the **DISTRICT** funds to purchase the system from the **DEVELOPER**.

Section 6.04 The **DISTRICT** expects to borrow approximately $280,725.00 for the DEP, as shown on the Schedule A attached hereto (the "SRF Loan"). Assuming that the DEP will lend $280,725.00 to the **DISTRICT** with a 30 year amortization and a .5% administrative fee, the **DISTRICT's** monthly debt service will be $754.64 for 360 months.

Section 6.05 The **DEVELOPER** and the **DISTRICT** understand that the revenues to the **DISTRICT** for paying debt service on the SRF Loan will not be sufficient immediately but additional revenue will come from future customers not yet identified. The **DEVELOPER** hereby agrees to subsidize the debt service on the SRF Loan of $754.64 per month in each and every month for the term of the SRF Loan to the extent that the Net Revenues of the **DISTRICT** derived solely from customers connecting to the Collection System, and all extensions thereto, are not sufficient to pay the debt service. Such subsidies will be referred to as the "Guaranteed Minimum Payments."

For purposes of this Agreement, "Net Revenues" are defined as the **DISTRICT'S** gross revenues derived solely from customers connecting to the Collection System and all extensions thereto, minus the

product of the aforementioned gross revenues multiplied by the **DISTRICT'S** audited district-wide operation and maintenance cost ratio as shown in its annual financial statements.

The "Debt Service Deficit" is defined as the difference between the debt service payments by the **DISTRICT** on the SRF Loan, less the Net Revenues.

Section 6.06 The **DEVELOPER'S** obligation to make the Guaranteed Minimum Payments shall remain in full force and effect for the entire term of the SRF Loan. However, if at any time during the term of the SRF Loan the Net Revenues exceed the debt service coverage amount of $943.30 per month (125% of the monthly debt service amount), the **DISTRICT** shall, from such Net Revenues in excess of $943.30 (the "Surplus Net Revenues"), but only to the extent such Surplus Net Revenues are available, repay to **DEVELOPER** all Guaranteed Minimum Payments paid by **DEVELOPER** to **DISTRICT** under 6.05 above.

Section 6.07 The obligation of the **DEVELOPER** to make the Guaranteed Minimum Payments shall begin with the commencement of the **DISTRICT'S** obligation to repay the SRF Loan. The **DEVELOPER** shall be obligated to make Guaranteed Minimum Payments on a monthly basis, in advance. On the 10th day of the second month preceding the month for which monthly payment on the SRF Loan is due (the "Payment Month"), the **DISTRICT** shall calculate the Debt Service Deficit for the Payment Month, based upon projected Net Revenues for the Payment Month, and bill **DEVELOPER** for the Guaranteed Minimum Payment for the Payment Month. **DEVELOPER** shall pay the **DISTRICT** the Guaranteed Minimum Payment by the 25th day of the second preceding month, which the **DISTRICT** will then apply to the SRF Loan repayment.

If the **DEVELOPER** fails to pay to the **DISTRICT** the Guaranteed Minimum Payment by the 25th day of the second preceding month, the **DISTRICT** shall send notice of such failure to the **DEVELOPER** by the 1st day of the month immediately preceding the Payment Month. The **DEVELOPER** shall have until the 15th day of the month immediately preceding the Payment Month to pay the Guaranteed Minimum Payment. If the **DEVELOPER** fails to make such payment by the 15th, the **DISTRICT** may draw upon the letter of credit provided for in paragraph 6.09 hereof.

Section 6.08 The **DISTRICT** shall be solely responsible for making all debt service payments on the SRF Loan. However, the **DEVELOPER** will guarantee the SRF Loan payments through a letter of credit issued by a bank acceptable to the **DISTRICT** and the DEP.

Section 6.09 A renewable letter of credit in the amount of $281,426.78 (which represents the original principal amount of the SRF Loan plus one year's administrative fee on the SRF Loan) will be delivered by

the **DEVELOPER** at the closing of the SRF Loan, solely at its cost. Such letter of credit shall be renewed by the **DEVELOPER** from time to time so long as the SRF Loan is outstanding, except as otherwise provided in this paragraph 6.09, shall be maintained in an amount equal to the sum of the outstanding principal balance of the SRF Loan and $701.78 (which represents one year's administrative fee on the SRF Loan), and shall be for the benefit of the **DISTRICT** to reimburse the **DISTRICT** for any SRF Loan payment during any period in which the Guaranteed Minimum Payments, together with Net Revenues, are not adequate to meet any debt service and/or administrative fee payment on the SRF Loan. Such letters of credit shall be obtained and renewed solely at **DEVELOPER'S** expense.

The renewable letter of credit shall remain in full force and effect as provided above until such time as the Net Revenues generated by the Collection System solely from residential and commercial customers, specifically excluding industrial customers, all as defined in the **DISTRICT'S** sewer use ordinance, thereon, equals or exceeds 125% of the required monthly debt service payments on the SRF Loan for a period of six (6) consecutive months. Upon the occurrence of such an event, the **DISTRICT** shall release the **DEVELOPER**, in writing, with copy to the DEP, of the requirement to continue the letter of credit. Provided, however, that in the event the **DISTRICT** has released the **DEVELOPER** from the requirement to continue the letter of credit, and the Net Revenues generated by the Collection System solely from residential and commercial customers, specifically excluding industrial customers, all as defined in the **DISTRICT'S** sewer use ordinance, thereon, does not equal or exceed 125% of the required monthly debt service payments on the SRF Loan for a period of six (6) consecutive months, the **DISTRICT** shall require the **DEVELOPER,** by written notice, to reinstate the letter of credit within thirty (30) days of such written notice, under and pursuant to all of the terms and conditions set forth in this Agreement. All other provisions of this Agreement shall remain in full force and effect in event that the **DEVELOPER** is released from the requirement to continue the letter of credit.

ARTICLE VII

SECURITY

Section 7.01 The **DEVELOPER** hereby agrees that for purposes of West Virginia Code §16-13A-9 that the Guaranteed Minimum Payments as defined in above shall constitute "sewer services" for the purpose of establishing and enforcing a lien for delinquent fees, rates and charges of the **DISTRICT**. **DEVELOPER** hereby guarantees its payment of the Guaranteed Minimum Payment and in the event that **DEVELOPER** fails to make, as agreed, such monthly Guaranteed Minimum Payment, the **DISTRICT** hereby agrees to give notice of any delinquency, as provided in paragraph 6.07 above, by Certified Mail, Return Receipt Requested, to the **DEVELOPER** at its address of:

Larry Faircloth Realty, Inc.
P.O. Box 558

Inwood, WV 25428
Attention: Larry Faircloth

With copy to:

_____

_____

_____

_____

And thereafter if **DEVELOPER** fails to bring current said delinquency as provided in paragraph 6.07 above, the **DISTRICT** shall thereafter be entitled to draw on the letter of credit and/or file a Notice of Lien on the premises of the **DEVELOPER,** said lien having equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes. Thereafter, the **DISTRICT** in addition to the other remedies provided by West Virginia Code §16-13A-9 shall be entitled to collect from the **DEVELOPER** the sums then due and owing plus reasonable costs.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

Section 8.01 The **DISTRICT** represents and warrants that the execution, delivery and performance of this Agreement by the **DISTRICT** will have been duly authorized, and this Agreement constitutes a valid and binding obligation of the **DISTRICT** enforceable in accordance with its terms.

Section 8.02 The **DEVELOPER** represents and warrants that the Collection System will be designed and constructed in accordance with the plans and specifications. The **DEVELOPER** hereby warrants the **DEVELOPER'S** work on all aspects and components of the Collection System, if applicable, for one (1) year from the date of the transfer of ownership to the **DISTRICT** and will make such changes, repairs and additions, at the **DEVELOPER'S** expense, as are needed to maintain the Collection System in a proper operating condition. All underground pipe in the Collection System will be accepted by the **DISTRICT** "as is" at the time of transfer of ownership of the system and will be warranted by the **DEVELOPER** for one (1) year after the date of transfer of ownership.

ARTICLE IX

SUBSEQUENT CONNECTIONS

Section 9.01 Tap fees shall be waived if the sewer service connection is done by the **DEVELOPER** or others. The term "service connection" shall be defined to mean the utility's pipe and appurtenances which connect any sewer main in a public right-of-way, street, alley, or private right-of-way with the inlet connection of a customer's service line at the property line.

Section 9.02 The **DEVELOPER** shall provide to the **DISTRICT** connection and user Agreements if required for each structure that is connected to the Collection System.

Section 9.03 The **DEVELOPER** hereby agrees that in the event that the **DEVELOPER** transfers any portion of the **DEVELOPER'S** property in the area to any individual, corporation, or other entity, the **DEVELOPER'S** duties and responsibilities under this Agreement will not be affected in any way.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 10.01 Nothing in this Agreement shall be construed to make the **DISTRICT** liable or responsible for any obligations of the **DEVELOPER,** nor shall this Agreement be construed to make the **DEVELOPER** liable or responsible for any obligations of the **DISTRICT.**

The **DEVELOPER** hereby agrees to save and indemnify and keep harmless the **DISTRICT** against all liability claims and judgements or demands for damages arising from accidents to persons or property occasioned by the **DEVELOPER,** his agents or employees, and against all claims and demands for damages arising from accidents to the **DEVELOPER,** his agents or employees, resulting from construction of the Collection System described herein, whether occasioned by said **DEVELOPER** or his employees or any other person or persons and the **DEVELOPER** will defend any and all suits that may be brought against the **DISTRICT** for any expenditures that the **DISTRICT** may take by reason for such accidents.

The **DEVELOPER** hereby agrees to save and indemnify and keep harmless the **DISTRICT** from all claims, demands, causes of action, or suits of whatever nature arising out of the labor and materials used by the **DEVELOPER** and his contractors or subcontractors, and from all laborers', materialmen's and mechanic's liens upon the Collection System or upon the property upon which the Collection System is located arising out of the labor and materials used by the **DEVELOPER** and his contractors or subcontractors, resulting from construction of the Collection System contemplated herein, and the **DEVELOPER** shall keep the Collection
System and said property free and clear of all liens, claims, and encumbrances.

Section 10.02 Upon transfer of ownership to the **DISTRICT,** nothing in this Agreement shall be construed to provide the **DEVELOPER** with any ownership or other interest in the Collection System, which shall become the exclusive property of the **DISTRICT.**

Section 10.03 This Agreement constitutes the entire Agreement between the **DISTRICT** and the **DEVELOPER** with respect to the matters addressed and may be amended only in a subsequent writing executed by both parties.

Section 10.04 This Agreement may not be assigned by either party without mutual consent and is binding upon all purchases, heirs or assigns.

Section 10.05 If any portion of this Agreement is declared void or unenforceable as a result of a change in Federal or State law or regulations or by a change in Federal, State or Local specifications, the remaining sections will remain in force and the **DISTRICT** shall propose an amendment to the offending section or part thereof to bring it back into compliance.

Section 10.06 The article and section headings in this Agreement are merely for the convenient reference of the parties and shall not affect the meaning or interpretation of the Agreement.

Section 10.07 The term of this Agreement is to run for the full term of the SRF loan and until all required payments thereunder are made in full.

Section 10.08 The **DEVELOPER** is familiar with the provisions of the Public Service Commission's Sewer Rule 5.3 (included in this section) and has expressly waived the applicability thereof with respect to the Collection System. Both the **DISTRICT** and the **DEVELOPER** have jointly consented to the utilization of this alternate plan.

DEVELOPER'S WAIVER OF PUBLIC SERVICE COMMISSION RULE 5.3

WV Public Service Commission Rule 5.3 is included below:

5.3 Extension of Service.

5.3.1. A sewer utility, whether municipally or privately owned, is under a public service obligation to extend its plant and facilities to serve new customers within its service area who may apply for service.

5.3.2. Extensions shall be made in all cases in which the public convenience and necessity require the service, construction problems are not unusual or burdensome, and the extensions appear to be economically feasible.

5.3.3. For any proposed extension of mains, a reasonable relationship should exist between the per customer investment for serving new customers and the per customer investment for serving old customers.

5.3.4. Extension for general sewer service –

a. The utility will, upon written request for service by a prospective customer or group of prospective customers located in the same neighborhood, determine the necessary size of main required to give service and make an estimate of the cost of the proposed extension including pipe, valves, manholes, fittings, all other necessary materials and all other costs such as

labor permits, and related costs. The written estimate shall be provided to the customer no more than forty-five (45) days from the receipt by the utility of the written request for service. The written estimate shall include an estimated construction start date and an estimated time of construction. If the prospective customer believes that any part of the estimate is unreasonable, the customer is free to file a formal complaint with the Commission. Further, the utility shall provide a copy of the main extension rule to the prospective customer and obtain a written acknowledge-ment from the customer that a copy of the rule has been furnished to the customer. The utility shall keep a written record of the customer's acknowledgement for at least six (6) years. The length of the extension required shall be that length required to extend from the new proposed service area to the nearest main having sufficient excess capacity to provide service at maximum demand.

B. Where the cost of the extension does not exceed three and one-half (3 ½) times the estimated normal annual revenue from prospective customers whose service lines will immediately be connected directly to the extension and from whom the utility has received applications for service upon forms provided by the utility for this purpose, the utility will install, at its own cost and expense, the necessary extension: **Provided**, that the patronage or demand will be of such permanency as to warrant the capital expenditure involved.

Normal annual revenue shall be based on one hundred fifty (150) gallons of water usage (assuming sewer charges are based on metered water service) per residential unit or latest edition of American Water Works Association estimates and consumption for various units.

5.3.5. Extensions subject to customer cost participation –

If the estimated cost of the proposed extension required in order to furnish general sewer service exceeds three and one-half (3 ½) times the utility's estimate of immediate normal annual revenue as determined by 5.3.4.b., such extension shall be made if the applicant or the applicant's authorized agent contracts for such extension and deposits in advance with the utility the estimated cost of the extension over and above the free extension limit. The utility shall not pay nor be liable for any interest on the cash deposits associated with line extensions. The utility shall make the extension after receiving the cash deposit. The utility shall, for each bona fide new customer who later directly connects to the extension between its original beginning and original terminus within a period of ten (10) years from the making of such extension, refund to the original depositor(s), an amount equal to three and one-half (3 ½) times the estimated gross annual revenue, exclusive of taxes, surcharges or other similar charges. Of the new customer, but in no event shall the aggregate refund made to the depositors exceed the original deposit. Provided, however, that public service districts and municipal sewer utilities may elect to refund the estimated amount over a period of seven (7) years making no less frequently than every six (6) months.

5.3.6. Alternate Depositor – Financed Extension Plan

a. Qualifying utilities.

The above requirements notwithstanding the utility may decline to finance the free extension portion of a requested extension if it can demonstrate that it has no prospect of any reasonable internal or external financing including through commercial loans, grants or through an installment arrangement with an entity installing the extension or providing the necessary materials.

A. If the utility declines to finance the free extension portion of a requested extension, the utility shall file for a waiver of the free extension rule within sixty (60) days of the written request.

B. Before filing for a waiver, the utility must first make an estimate of the extension costs.

C. A request for a waiver by a utility shall be accompanied by supporting documentation justifying its request.

D. If the Commission finds that the utility has reasonably declined to finance the free extension portion of the requested line, the Commission shall authorize the use of the alternate depositor-financed extension plan as described below.

b. Description of alternative depositor-financed extension plan.

Under the alternate depositor-financed extension plan, the utility shall make the extension after:

A. receiving a cash deposit equal to the full amount of the extension cost; and

B. agreeing to give the depositor(s) who is a customer, a monthly bill credit totaling one hundred percent (100%) of their estimated bill(s) for three and one-half (3 ½) years from the date service is initiated. The estimate shall be made at the time the extension plan is finalized and shall not be changed based on subsequent actual usage; and

C. agreeing to refund to the original depositor(s) an amount equal to three and one-half (3 ½) times the estimated gross annual revenue of each bona fide customer, other than the depositor(s), who directly connects to the extension between its original beginning and the original terminus within a period of ten (10) years from the construction of the extension. The estimate shall occur at the time the bona fide customer, other than the depositor(s) connects to the extension. The refund may be spread out over a seven (7) year period with the utility making payments no less frequently than every six (6) months.

c. In no event shall the total refund made to the depositor(s) under 5.3.6. exceed the original deposit of the depositor(s).

d. The utility shall not pay nor be liable for any interest on the cash deposits associated with line extensions.

e. "Gross Revenue", as mentioned in 5.3.6.b.C. shall not include any taxes, surcharges or other similar charges which do not constitute revenue for the utility.

5.3.7. Adjustment of cost of extension

Should the actual cost of the extension be less than the estimated cost, the utility will refund the difference as soon as the actual cost has been ascertained. When the actual cost of the extension exceeds the estimated cost, then the utility will bill the depositor for the difference between the estimated and the actual cost.

a. In estimating the cost of an extension, the estimate shall be based on the diameter of the pipe to be used: **provided**, however, that the estimated cost to the customer or customers shall not be based on a pipe diameter in excess of the size of main from which the extension is to be made, unless actual use estimated for the proposed customer or customers required a larger pipe.

b. No interest will be paid by the utility on the applicant's payment or on any non-refunded balances.

c. At the expiration of said ten 10) year period, the refund account will be closed, and no further refunds will be made.

d. Extensions made under this rule shall be and remain the property of the utility.

e. The utility reserves the right to further extend its sewer mains from and beyond the terminus of each sewer main extension made under this rule, and the depositor or the depositor's agent paying for an extension shall not be entitled to any refund for the attaching of customers to any further extension or branch mains so installed.

f. In determining the length of main extensions or of pipe lines to be installed in an urban area when land is subdivided in lots, the main shall be extended to fully cover the frontage of the property or one-hundred lineal feet, whichever is the lesser and if the last lot to be served is a corner lot, the terminal point of the extension made hereunder shall be located at the nearest street line of the intersecting street. In rural areas or open land areas, the extension required will be that length necessary to adequately serve the applicant or one-hundred lineal feet, whichever is the greater.

g. Before sewer lines will be laid hereunder in any new subdivision, it is understood and agreed that the road surface shall be brought to the established sub-grade as determined by the agency having jurisdiction.

h. This rule shall not be construed as prohibiting the utility from providing an alternate plan for main extensions so long as no discrimination is practiced between customers whose service requirements are similar. However, such alternate plan shall be filed with and approved by the Public Service Commission prior to the implementation of the alternate plan by any of the parties. Failure to obtain Public Service Commission approval will result in the loss of the right to obtain reimbursement from the utility. If an entity other than the utility constructs the extension, upon completion of construction and proper utility inspection of the extension, the utility shall initiate service only after proper transfer of title of all facilities including property, plant and rights-of-way incidental to the furnishing of utility service.

i. Contract for service – The utility shall not be required to make free extensions or refunds as described in this rule unless those to be served by such extensions shall guarantee to the utility that they will take the service at their premises within thirty (30) days after service is available.

j. Construction conditions – Construction of line extensions, as provided in this rule, will be undertaken promptly after all applications have been completed and necessary right-of-way agreements or rights of entry have been delivered to the utility and all prospective customers have signed contracts.

k. Right-of-Way – With respect to the item "Right-of-Way", it is not the purpose of this rule to require the utility to build extensions over private rights-of-way. If the construction of an extension involves the use of a private right-of-way, then the prospective customer, whenever reasonably possible, shall secure the right-of-way and deliver to it to the utility free of cost before construction of the extension is started. If, however, it is not reasonably possible for the prospective customer or customers to secure the right-of-way, and the construction of an extension involves the utility's incurring expense for right-of-way easements, either by purchase or condemnation, such costs shall be added to the total cost of the extension.

As a condition to obtaining a main extension, any property owner or developer shall grant the utility the necessary easements on their property which would allow the utility to make future extensions of the main into unserved areas. The granting of the necessary easements shall be made without the utility being required to pay additional consideration for the additional easements to the property owner or developer. If the property owner or developer is unwilling to grant the additional easements, the utility shall not be required to extend its main to serve the property owner or developer.

l. The Commission shall consider, upon proper filing of a tariff rate case by the utility, the inclusion of a significant impact on the utility's capacity.

Section 10.09 This Agreement shall be subject to approval by the Public Service Commission of West Virginia and availability of SRF funding.

Section 10.10 The form of this Agreement, and the execution thereof, have been properly approved by the Public Service Board of the District and by the Developer.

WITNESS the following signatures and seals this 24 day of April, 2004.

ATTEST:

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: Robert L. Grove Sr
Robert L. Grove, Sr. Chairman

(CORPORATE SEAL)

ATTEST:

Regina Taylor
Witness

LARRY FAIRCLOTH REALTY, INC.

By: Larry V. Faircloth

STATE OF WEST VIRGINIA,
COUNTY OF BERKELEY, to-wit:

I, Karen G Wood, a notary public in and for said state do, hereby certify that ROBERT L. GROVE, SR., Chairman of the BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, AND Larry Faircloth, of Larry Faircloth Realty whose names are signed to the writing above, have this day acknowledged the same before me.

Given under my hand this 24 day of April, 2004.

Karen G Wood
NOTARY PUBLIC

My Commission Expires

Nov. 27, 2006

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
KAREN G. WOOD
BERKELEY CO. PUBLIC SERVICE SEWER DIST.
P.O. Box 944
Martinsburg, WV 25402
My commission expires November 27, 2006

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)

BILL OF SALE

On this 14th day of August 2003, the undersigned, on behalf of Larry Faircloth Realty, Inc. ("Faircloth"), acknowledges that it sold and conveyed and the Berkeley County Public Service Sewer District ("District") purchased and acquired a main line sewer extension providing sewer utility service to the Elizabeth Station Subdivision, developed by Faircloth and located in Bunker Hill, West Virginia. The conveyance and purchase were consummated pursuant to the terms of an Alternate Main Line Extension Agreement, dated April 24, 2003, between Faircloth and the District for a total consideration of Two Hundred Twenty-five Thousand Six Hundred Twenty-Nine and 00/100 DOLLARS ($225,629.00), and the undersigned on behalf of Faircloth acknowledges that said sum constitutes payment in full for said main line sewer extension. The specific assets conveyed herein consist of approximately 10,600 linear feet of 8" gravity sewer main and 40 manholes as shown in the plans prepared by Yebernetsky, Roberts & Stansbury, the design engineer for said main line sewer extension.

IN WITNESS WHEREOF, the undersigned company, by its duly appointed representative, has caused this Bill of Sale to be properly executed as of the day and year first hereinabove written.

LARRY FAIRCLOTH REALTY, INC.

By: Larry V. Faircloth

Its: President

ATTEST:

Lisa Davis [SEAL]
Secretary

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)

RECEIPT FOR PURCHASE PRICE

The undersigned President of Larry Faircloth Realty, Inc., a West Virginia corporation (the "Company"), for and on behalf of the Company, hereby certifies that the Company has received and hereby acknowledges receipt from Berkeley County Public Service Sewer District (the "District") of $225,629, being the entire purchase price for certain previously constructed sewerage facilities, consisting of approximately 10,600 linear feet of 8" gravity sewer main and 40 manholes to serve the Elizabeth Station Subdivision as described under the Alternate Main Line Extension Agreement dated April 24, 2003, by and between the Company and the District.

WITNESS my signature on this 14th day of August, 2003.

LARRY FAIRCLOTH REALTY, INC.

By: _____
Its: President

07/30/03
067740/00010

August 14, 2003

Berkeley County Public Service Sewer District
Attention: Gene or Curtis
65 District Way
P O Box 944
Martinsburg, WV 25402

RE: Letter of Credit #328543

Dear Berkeley County Public Service Sewer District:

1. We hereby establish, for the account of Berkeley County Public Service Sewer District and Phillip P. Cogar, Locust Drive Bentwood Subdivision, Martinsburg, WV 25401 in your favor, this Irrevocable Letter of Credit, in the amount of $332,647.00 (as more fully described below), effective immediately and expiring on August 14, 2004, at 5:00 pm, Martinsburg, West Virginia time.

2. We hereby irrevocably authorize you to draw on us in accordance with the terms and conditions hereto by your drafts.

3. a) Commencing August 14, 2003, you may draw on this Letter of Credit on the 1st day of each month of each year "to the extent that the Net Revenues of the District derived solely from customers connecting to the Collection System," as determined in accordance with that certain Alternate Main Line Extension Agreement (the "Agreement"), dated September 9, 2001, between you and Phillip P. Cogar, is insufficient to allow the District to remit to the West Virginia Municipal Bond Commission (the "Commission") for deposit in the Sinking Fund for the Bonds (as hereinafter defined), an amount equal to the monthly payment of principal, interest and administrative fee, due to be paid by the District to the Commission for the Bonds (as hereinafter defined) on that monthly principal, interest and administrative fee payment date (the "Monthly Insufficiency") and Phillip P. Cogar has not remitted to the District the Monthly Insufficiency upon receipt of the District's bill therefore, which bill shall have been submitted to Phillip P. Cogar under the provisions of the Agreement. Except as provided in Section 3(b) hereof, each month such draws may not exceed the amounts necessary from time to time to satisfy the District's obligations to pay the debt service and administrative fee payments

on the Berkeley County Public Service Sewer District Sewer Revenue Bonds, Series 2003B (West Virginia SRF Program) (the "Bonds") issued pursuant to the Bond Resolution adopted by the District on July 29, 2003, and supplemented by a supplemental resolution also adopted on July 29, 2003.

b) If within thirty days of the Termination Date (i) the District has not been provided with a letter of credit in the place and stead of this Letter of Credit under the provisions of the Agreement and (ii) this Letter of Credit has not been released pursuant to the terms of paragraph 8 hereof, the District shall draw an amount equal to the remaining payments of principal, interest and administrative fee to be made on the Bonds, provided, however, that the total of all draws under this Letter of Credit shall not exceed $332,647.00.

4. Upon deposit in the Series 2003 B Bonds Sinking Fund of the amount specified in Section 3(b) above in a draft drawn hereunder, we shall be fully discharged of our obligation under this Letter of Credit with respect to such draft, and we shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such draft to you or to any other person.

5. Funds under this Letter of Credit are available to the Berkeley County Public Service Sewer District against (a) your draft payable on the date such draft is drawn on us, stating on its face: "Drawn under Shenandoah Valley National Bank, Irrevocable Letter of Credit No.328543, and (b) a certificate signed by you in the form of Exhibit 1 attached hereto, appropriately completed. Each such draft and certificate shall be dated the date of presentation, which shall be made at our office located at 100 W. Jubal Early Drive, Winchester Virginia 22602 (or any other office which may be designated by us by written notice delivered to you.) If we receive your draft and certificate at such office, all in strict conformity with the terms and conditions of this Letter of Credit, at or prior to 2:00 p.m., Martinsburg, West Virginia time, on a Business day on or prior to the Termination Date, we will honor the same no later than 1:00 p.m., Martinsburg, West Virginia time, on the next Business Day in accordance with your payment instructions. Payment under this Letter of Credit will be made out of our funds and will be made to the District.

6. As used herein, the term "Business Day" means any day other than Saturday, Sunday, public holiday under the law of the State of West Virginia or other day on which we are authorized or obligated to close in Winchester, Virginia.

7. Communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at our office address set forth in or designated pursuant to paragraph 5 above shall specifically refer to the number of this Letter of Credit.

8. Pursuant to the terms of the Agreement, this Letter of Credit shall be released by the District once the Net Revenues generated by the Collection System solely from residential and commercial customers, specifically excluding industrial customers, all as defined in the District's sewer use ordinance, thereon equals or exceeds 125% of the required monthly debt service payment on the Bonds for a period of six (6) consecutive months.

9. This Letter of Credit is not transferable, in whole or part, without prior written consent.

10. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except the forms of the certificate and the draft referred to herein; any and such reference (except as aforesaid) shall not be deemed to incorporate herein any document, instrument or agreement except for such certificate or draft.

11. This Letter of Credit shall be governed by the Uniform Customs and Practice for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500 or by subsequent Uniform Customs and practice of Documentary Credits fixed by subsequent Congresses of the International Chamber of Commerce (the "UCP") and, to the extent not inconsistent with UCP, the laws of the State of West Virginia.

Sincerely,
Shenandoah Valley National Bank

Cyndie J. Laymon
Senior Vice President

ALTERNATE MAIN LINE EXTENSION AGREEMENT

This 9th day of September, 2001, comes the **BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT** of Berkeley County, West Virginia (hereinafter referred to as the "**DISTRICT**"); and Phillip P. Cogar, whose address is P.O. Box 641, Inwood, WV, 25428, (hereinafter referred to as the "**DEVELOPER**"); and agree to enter into an Alternate Main Line Extension Agreement for the purpose of transferring a main line sewer extension to serve the Locust Drive/Elizabeth Station Subdivision (hereinafter referred to as the "**DEVELOPMENT**") from the **DEVELOPER** to the **DISTRICT**.

ARTICLE I
CONDITIONS PRECEDENT

Section 1.01 This Agreement is neither binding nor effective until it is approved by an order of the Public Service Commission of West Virginia.

ARTICLE II
DESIGN

Section 2.01 The **DEVELOPER** has employed professional civil engineers and contractors, licensed by the State of West Virginia to administer, design and construct approximately 5,350 linear feet of 8" gravity line, 26 manholes, one interstate bore and jack and necessary appurtenances (hereinafter referred to as the "Collection System"), to connect to the District's Inwood Wastewater Collection System to serve the **DEVELOPMENT**.

Section 2.02 The **DISTRICT** shall bear no financial or other responsibility for the design or construction of the Collection System.

Section 2.03 The **DISTRICT** will review all plans, designs, and specifications and utilize qualified inspectors to ensure the Collection System properly transports and otherwise conveys the sewage from the **DEVELOPMENT** and extensions therefrom in accordance with all current specifications, requirements, regulations, and the terms of this Agreement, minimizes infiltration and eliminates illegal and improper sources of inflow. The **DISTRICT** may require such revisions of said plans and specifications by the **DEVELOPER** as are necessary before giving final approval.

Section 2.04 The **DEVELOPER** shall, at the **DEVELOPER'S** expense, submit the plans and specifications to the appropriate State, Federal and local regulatory agencies for their approval.

ARTICLE III

PERMITS AND EASEMENTS

Section 3.01 The **DEVELOPER** shall, at the **DEVELOPER'S** expense, obtain all the necessary permits, authorizations and approvals of Federal, State, and local agencies prior to the construction phase and shall make such changes as are required by said agencies during the construction phase.

Section 3.02 The **DEVELOPER** shall file an application with the **DISTRICT** for the type of collection system which **DEVELOPER** proposes to provide the **DISTRICT** and said application will contain all material, information and documents necessary to prepare permit applications required by the West Virginia Department of Health for all required permits.

Section 3.03 The **DISTRICT** shall obtain at **DEVELOPER'S** expense all easements and rights-of-way according to the District easement and rights-of-way policies and procedures.

Section 3.04 In order that the **DISTRICT** may in the future provide sewer service to all adjoining properties of the **DEVELOPMENT**, the **DISTRICT** shall require and the **DEVELOPER** shall agree to provide all necessary easements on the **DEVELOPER'S** property that are mutually agreed upon from the **DEVELOPMENT** to all adjoining properties.

ARTICLE IV

CONSTRUCTION AND INSPECTION AND FINAL TESTING

Section 4.01 The **DEVELOPER** will construct the entire Collection System under this Agreement, for the **DEVELOPMENT** at **DEVELOPER'S** expense.

Section 4.02 The **DISTRICT** shall bear no financial or other responsibility for the construction of the **DEVELOPER'S** Collection System to the **DEVELOPMENT** area.

Section 4.03 At all times during the construction of said collection system, the **DEVELOPER** shall maintain sole ownership of said system.

Section 4.04 The **DEVELOPER** and **DISTRICT** agree to the following:

1. Testing shall be done by the **DEVELOPER** at his expense under the supervision of a registered professional engineer and the **DISTRICT**. All the necessary equipment and labor for testing shall be provided and paid for by the **DEVELOPER**. The testing procedure and standard shall be conducted as provided in Section 4.06.
2. Testing shall be done not less than thirty (30) days after the lines have been installed.
3. The **DEVELOPER** agrees to give the **DISTRICT** at least 24 hours notice of any tests to be done and the **DISTRICT** agrees to have a qualified employee to witness and approve the test.
4. A light test when applicable will be conducted according to the accepted industry standards.
5. An air test to check for infiltration and exfiltration will be carried out according to the accepted industry specifications. With the **DISTRICT'S** permission the hydraulic test may be substituted in some instances.
6. If the line fails any of these tests then the **DEVELOPER** shall remedy the defect at his expense. And the tests shall be repeated under the supervision of the **DISTRICT.**
7. The **DISTRICT** agrees to notify the **DEVELOPER**, in writing, within five (5) days of the test(s), as to whether the system is acceptable and if not what parts of are defective and what remedies are required. If no notice is received by the **DEVELOPER** within ten (10) days, then the **DEVELOPER** may assume that the collection system are acceptable by the **DISTRICT.**

Section 4.05 The **DISTRICT** shall have the right to inspect and approve prior to the implementation of service under this Agreement, the construction of the **DEVELOPER'S** system to ensure that sewage will be satisfactorily collected, treated and transported from the Development Area and all extensions therefrom in accordance with current applicable Federal, State and Local regulations and the terms of the Agreement, that infiltration is minimized, that illegal and improper sources of inflow are eliminated, and that the system is constructed in accordance with the Plans and Specifications, using materials in compliance with Federal, State and the **DISTRICT'S** standards.

Section 4.06 Testing Procedures and Standards

ALIGNMENT AND DEFLECTION TESTS

The alignment test is to make sure the pipe is laid on grade. The deflection test is to ensure that the pipe is not collapsed or otherwise bent.

LIGHT TEST

The light test is a check to see that the pipe is properly aligned and not collapsed. The procedure for doing the test is to shine a light into the pipe at a manhole and look into the pipe at the next manhole where applicable. If one sees a full circle of light then the test is passed and further testing for alignment and deflection is not required.

MANDREL TEST

If less than a full circle is observed during the light test, then the mandrel test will be required. The mandrel will check for deflected pipe. A mandrel is a rigid round object with a diameter of 95 percent of the inside diameter of the pipe. The mandrel test is accomplished by manually pulling the mandrel through the pipe. Mechanical pulling is not allowed. If the mandrel passes through without resistance then the pipe has passed the test. If the mandrel appears to have passed through a puddle of water further investigation needs to be done to find the low place(s).

INFILTRATION AND EXFILTRATION TESTS

If the pipe is below the water table this check is to ensure that ground water will not infiltrate the line. If the pipe is above the water table this check is to make sure that sewer does not leak out of the pipe.

LOW PRESSURE AIR TEST

The low pressure air test is performed using the following procedure:

1. Plug both ends of a sewer line using pneumatic plugs. Make sure the plugs are securely blocked. The plug at one end shall have an orifice to allow air to pass into the pipe. The same plug shall have an accurate air gauge having a range of 0 to 25 PSI with minimum divisions of .10 PSI.
2. Air pressure shall be slowly introduced into the section of the line being tested until the air pressure in the line is 4.0 PSI. A minimum of two minutes shall be provided to allow the air pressure to stabilize within the pipe. Air may be slowly added or subtracted to maintain the 4.0 PSI pressure.
3. After the two minute stabilization period adjust the pressure to exactly 3.5 PSI. Start the stopwatch. When the pressure reaches 2.4 PSI to the stopwatch. The portion of the line shall pass if the time for the pressure to go from 3.5 PSI to 2.5 PSI is greater than the time shown on the following table, then no further infiltration/exfiltration testing shall be required on the pipe.

Pipe Diameter (inches)	Time (minutes)
4	2.0
6	3.0
8	4.0
10	5.0
12	5.5
15	7.5
18	8.5
21	10.0
24	11.5

In areas where the ground water is above the level of the pipe the pressure will be increased according to the **DISTRICT'S** specifications. In the event the pipe does not pass, further appropriate investigation as directed by the **DISTRICT** shall be conducted and the pipe repaired. After the repair is completed testing shall be repeated as provided in Section 4.06.

HYDRAULIC TEST

With the permission of the **DISTRICT**, where applicable, a hydraulic test may be conducted instead of the air test. The procedure for this test is as follows:

1. Plug and block the lower end of the sewer line so it is watertight.
2. Slowly fill the next upstream manhole with water until the water level is to the top of the large part of the manhole. Allow the water to soak for one hour then refill to the same level.
3. Let it stand for 24 hours then measure the water in the manhole. The total allowable infiltration/exfiltration from the completed sewer section shall not exceed 200 gallons per inch of internal diameter per mile of sewer per 24 hour period.

Manholes and wet wells will be subject to visual inspection. All visual leaks will be repaired by the **DEVELOPER**. When requested by the **DISTRICT**, the **DEVELOPER** shall perform a water check for manhole and wet well leakage. The test shall be done by filling the manhole or wet well with water and letting it stand for 24 hours. The manhole or wet well shall be allowed to soak for one hour and then refilled. Timing will start after the manhole or wet well is refilled. The manhole or wet well shall not leak or gain more than 50 gallons / 24 hours.

Section 4.07 Final Testing and Inspection

The **DISTRICT** shall have the right to visually inspect and conduct tests upon the system before it approves the system. If defects are found the **DISTRICT** shall notify the **DEVELOPER** in writing of such defects and prescribe the action necessary to remedy the problem. Any defects will be repaired by the

DEVELOPER. Testing after repairs are completed will be done by the **DISTRICT** and at **DEVELOPER'S** expense under the supervision of the **DISTRICT** as provided in Section 4.06.

Section 4.08 The **DISTRICT** shall have the right to conduct final tests of the collection system to include but not limited to mandrel, air pressure, hydrostatic, and visual inspection tests in accordance with **DISTRICT** specifications. **DEVELOPER** is not to make final hook up until such time as record (as built) plans are submitted to the **DISTRICT**, all aspects of the collection and treatment system have been inspected and tested and approved by the **DISTRICT.**

ARTICLE V

TRANSFER OF OWNERSHIP

Section 5.01 Upon completion of the construction of the entire system, to the **DEVELOPMENT** area, the **DEVELOPER** shall have obtained such State, Federal, and required local certifications, authorizations or approvals at the **DEVELOPER'S** expense. After said certifications, authorizations or approvals are obtained, and the collection system is completed in all respects, the **DEVELOPER** shall provide the **DISTRICT** written notice of final completion, that the entire system is completed in all respects. As used in this and subsequent Sections, "completed in all respects" includes, but is not limited to, the system being physically complete, all engineers, materialmen, Contractors and subcontractors of the **DEVELOPER** have been paid for their work on said system, and a legal certification from the **DEVELOPER** that all legal disputes regarding the collection system are resolved, and no outstanding liens or potential liens exist regarding the collection system, the same to be certified in writing by the **DEVELOPER.**

Section 5.02 If, after receipt of the notice set forth in Section 5.01, the **DISTRICT** determines that the **DEVELOPER'S** system is in good and proper working condition, that no changes, repairs, or additions are necessary, and that the collection system is complete in all respects in accordance with the plans and specifications and that the property and sewerage facilities to be transferred are capable of being accessed by others, the **DISTRICT** shall purchase ownership of the entire system, including easements, and all real property and easements necessary for ownership, operation and maintenance of the system, as outlined in Exhibit A, and all extensions thereto as outlined in Article VI.

Section 5.03 At the time of the transfer of ownership, the **DEVELOPER** shall deliver to the **DISTRICT** a mylar sepia reproducible original and three (3) blue line printed copies of the plans of the Collection system, reflecting its actual construction. The **DEVELOPER** shall also deliver to the **DISTRICT** all shop drawings, operating manuals, and written warranties that were required by the construction specifications and drawings.

Section 5.04 Nothing in this Article shall be construed to allow the **DISTRICT** to purchase ownership of the collection system a section at a time or any portion less then the completion of the entire collection system.

ARTICLE VI
TERMS OF PAYMENT

Section 6.01 Upon completion of the sewerage system and all inspections required to be conducted under Article 4 of this agreement, the **DISTRICT** will purchase the collection system and extensions thereto including all easements, and rights-of-entry and rights-of-way by utilizing West Virginia State Revolving Loan Funds.

Section 6.02 Since the financing, design and construction of the sewerage system is not being conducted by a public entity regulated by the West Virginia Public Service Commission and to ensure that the costs of the collection system are reasonable at the time of completion, **DEVELOPER** shall provide proof that the collection system was constructed in a cost effective manner by submitting to the **DISTRICT** at the time of purchase its two lowest bids for the job.

Section 6.03 The **DISTRICT** and the **DEVELOPER** will work together expeditiously to obtain Public Service Commission and State Revolving Fund (hereinafter "**SRF**") approval from the **SRF** to lend the **DISTRICT** funds to purchase the system from the **DEVELOPER**.

Section 6.04 The **DISTRICT** expects to borrow approximately $436,567.00 for the DEP, as shown on the Schedule A attached hereto (the "SRF Loan"). Assuming that the DEP will lend $436,567.00 to the **DISTRICT** with a 30 year amortization and a .5% administrative fee, the **DISTRICT's** monthly debt service will be $1,264.50 for 360 months.

Section 6.05 The **DEVELOPER** and the **DISTRICT** understand that the revenues to the **DISTRICT** for paying debt service on the SRF Loan will not be sufficient immediately but additional revenue will come from future customers not yet identified. The **DEVELOPER** hereby agrees to subsidize the debt service on the SRF Loan of $1,264.50 per month in each and every month for the term of the SRF Loan to the extent that the Net Revenues of the **DISTRICT** derived solely from customers connecting to the Collection System, and all extensions thereto, are not sufficient to pay the debt service. Such subsidies will be referred to as the "Guaranteed Minimum Payments."

For purposes of this Agreement, "Net Revenues" are defined as the **DISTRICT'S** gross revenues derived solely from customers connecting to the Collection System and all extensions thereto, minus the

product of the aforementioned gross revenues multiplied by the **DISTRICT'S** audited district-wide operation and maintenance cost ratio as shown in its annual financial statements.

The "Debt Service Deficit" is defined as the difference between the debt service payments by the **DISTRICT** on the SRF Loan, less the Net Revenues.

Section 6.06 The **DEVELOPER'S** obligation to make the Guaranteed Minimum Payments shall remain in full force and effect for the entire term of the SRF Loan. However, if at any time during the term of the SRF Loan the Net Revenues exceed the debt service coverage amount of $1,580.63 per month (125% of the monthly debt service amount), the **DISTRICT** shall, from such Net Revenues in excess of $1,580.63 (the "Surplus Net Revenues"), but only to the extent such Surplus Net Revenues are available, repay to **DEVELOPER** all Guaranteed Minimum Payments paid by **DEVELOPER** to **DISTRICT** under 6.05 above.

Section 6.07 The obligation of the **DEVELOPER** to make the Guaranteed Minimum Payments shall begin with the commencement of the **DISTRICT'S** obligation to repay the SRF Loan. The **DEVELOPER** shall be obligated to make Guaranteed Minimum Payments on a monthly basis, in advance. On the 10th day of the second month preceding the month for which monthly payment on the SRF Loan is due (the "Payment Month"), the **DISTRICT** shall calculate the Debt Service Deficit for the Payment Month, based upon projected Net Revenues for the Payment Month, and bill **DEVELOPER** for the Guaranteed Minimum Payment for the Payment Month. **DEVELOPER** shall pay the **DISTRICT** the Guaranteed Minimum Payment by the 25th day of the second preceding month, which the **DISTRICT** will then apply to the SRF Loan repayment.

If the **DEVELOPER** fails to pay to the **DISTRICT** the Guaranteed Minimum Payment by the 25th day of the second preceding month, the **DISTRICT** shall send notice of such failure to the **DEVELOPER** by the 1st day of the month immediately preceding the Payment Month. The **DEVELOPER** shall have until the 15th day of the month immediately preceding the Payment Month to pay the Guaranteed Minimum Payment. If the **DEVELOPER** fails to make such payment by the 15th, the **DISTRICT** may draw upon the letter of credit provided for in paragraph 6.09 hereof.

Section 6.08 The **DISTRICT** shall be solely responsible for making all debt service payments on the SRF Loan. However, the **DEVELOPER** will guarantee the SRF Loan payments through a letter of credit issued by a bank acceptable to the **DISTRICT** and the DEP.

Section 6.09 A renewable letter of credit in the amount of $437,294.62 (which represents the original principal amount of the SRF Loan plus one year's administrative fee on the SRF Loan) will be delivered by

the **DEVELOPER** at the closing of the SRF Loan, solely at its cost. Such letter of credit shall be renewed by the **DEVELOPER** from time to time so long as the SRF Loan is outstanding, except as otherwise provided in this paragraph 6.09, shall be maintained in an amount equal to the sum of the outstanding principal balance of the SRF Loan and $727.62 (which represents one year's administrative fee on the SRF Loan), and shall be for the benefit of the **DISTRICT** to reimburse the **DISTRICT** for any SRF Loan payment during any period in which the Guaranteed Minimum Payments, together with Net Revenues, are not adequate to meet any debt service and/or administrative fee payment on the SRF Loan. Such letters of credit shall be obtained and renewed solely at **DEVELOPER'S** expense.

The renewable letter of credit shall remain in full force and effect as provided above until such time as the Net Revenues generated by the Collection System solely from residential and commercial customers, specifically excluding industrial customers, all as defined in the **DISTRICT'S** sewer use ordinance, thereon, equals or exceeds 125% of the required monthly debt service payments on the SRF Loan for a period of six (6) consecutive months. Upon the occurrence of such an event, the **DISTRICT** shall release the **DEVELOPER**, in writing, with copy to the DEP, of the requirement to continue the letter of credit. Provided, however, that in the event the **DISTRICT** has released the **DEVELOPER** from the requirement to continue the letter of credit, and the Net Revenues generated by the Collection System solely from residential and commercial customers, specifically excluding industrial customers, all as defined in the **DISTRICT'S** sewer use ordinance, thereon, does not equal or exceed 125% of the required monthly debt service payments on the SRF Loan for a period of six (6) consecutive months, the **DISTRICT** shall require the **DEVELOPER,** by written notice, to reinstate the letter of credit within thirty (30) days of such written notice, under and pursuant to all of the terms and conditions set forth in this Agreement. All other provisions of this Agreement shall remain in full force and effect in event that the **DEVELOPER** is released from the requirement to continue the letter of credit.

ARTICLE VII

SECURITY

Section 7.01 The **DEVELOPER** hereby agrees that for purposes of West Virginia Code §16-13A-9 that the Guaranteed Minimum Payments as defined in above shall constitute "sewer services" for the purpose of establishing and enforcing a lien for delinquent fees, rates and charges of the **DISTRICT**. **DEVELOPER** hereby guarantees its payment of the Guaranteed Minimum Payment and in the event that **DEVELOPER** fails to make, as agreed, such monthly Guaranteed Minimum Payment, the **DISTRICT** hereby agrees to give notice of any delinquency, as provided in paragraph 6.07 above, by Certified Mail, Return Receipt Requested, to the **DEVELOPER** at its address of:

Phillip P. Cogar
P.O. Box 641
Inwood, WV 25428
Attention: Phillip P. Cogar

With copy to:

_____

_____

_____

_____

And thereafter if **DEVELOPER** fails to bring current said delinquency as provided in paragraph 6.07 above, the **DISTRICT** shall thereafter be entitled to draw on the letter of credit and/or file a Notice of Lien on the premises of the **DEVELOPER,** said lien having equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes. Thereafter, the **DISTRICT** in addition to the other remedies provided by West Virginia Code §16-13A-9 shall be entitled to collect from the **DEVELOPER** the sums then due and owing plus reasonable costs.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

Section 8.01 The **DISTRICT** represents and warrants that the execution, delivery and performance of this Agreement by the **DISTRICT** will have been duly authorized, and this Agreement constitutes a valid and binding obligation of the **DISTRICT** enforceable in accordance with its terms.

Section 8.02 The **DEVELOPER** represents and warrants that the Collection System will be designed and constructed in accordance with the plans and specifications. The **DEVELOPER** hereby warrants the **DEVELOPER'S** work on all aspects and components of the Collection System, if applicable, for one (1) year from the date of the transfer of ownership to the **DISTRICT** and will make such changes, repairs and additions, at the **DEVELOPER'S** expense, as are needed to maintain the Collection System in a proper operating condition. All underground pipe in the Collection System will be accepted by the **DISTRICT** "as is" at the time of transfer of ownership of the system and will be warranted by the **DEVELOPER** for one (1) year after the date of transfer of ownership.

ARTICLE IX

SUBSEQUENT CONNECTIONS

Section 9.01 Tap fees shall be waived if the sewer connection is done by the **DEVELOPER** or others prior to the transfer of the Collection System to the **DISTRICT**. A tap is defined as being a connection leading from the sewer main to the lot.

Section 9.02 The **DEVELOPER** shall provide to the **DISTRICT** connection and user Agreements if required for each structure that is connected to the Collection System.

Section 9.03 The **DEVELOPER** hereby agrees that in the event that the **DEVELOPER** transfers any portion of the **DEVELOPER'S** property in the area to any individual, corporation, or other entity, the **DEVELOPER'S** duties and responsibilities under this Agreement will not be affected in any way.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 10.01 Nothing in this Agreement shall be construed to make the **DISTRICT** liable or responsible for any obligations of the **DEVELOPER,** nor shall this Agreement be construed to make the **DEVELOPER** liable or responsible for any obligations of the **DISTRICT.**

The **DEVELOPER** hereby agrees to save and indemnify and keep harmless the **DISTRICT** against all liability claims and judgements or demands for damages arising from accidents to persons or property occasioned by the **DEVELOPER**, his agents or employees, and against all claims and demands for damages arising from accidents to the **DEVELOPER**, his agents or employees, resulting from construction of the Collection System described herein, whether occasioned by said **DEVELOPER** or his employees or any other person or persons and the **DEVELOPER** will defend any and all suits that may be brought against the **DISTRICT** for any expenditures that the **DISTRICT** may take by reason for such accidents.

The **DEVELOPER** hereby agrees to save and indemnify and keep harmless the **DISTRICT** from all claims, demands, causes of action, or suits of whatever nature arising out of the labor and materials used by the **DEVELOPER** and his contractors or subcontractors, and from all laborers', materialmen's and mechanic's liens upon the Collection System or upon the property upon which the Collection System is located arising out of the labor and materials used by the **DEVELOPER** and his contractors or subcontractors, resulting from construction of the Collection System contemplated herein, and the **DEVELOPER** shall keep the Collection
System and said property free and clear of all liens, claims, and encumbrances.

Section 10.02 Upon transfer of ownership to the **DISTRICT**, nothing in this Agreement shall be construed to provide the **DEVELOPER** with any ownership or other interest in the Collection System, which shall become the exclusive property of the **DISTRICT**.

Section 10.03 This Agreement constitutes the entire Agreement between the **DISTRICT** and the **DEVELOPER** with respect to the matters addressed and may be amended only in a subsequent writing executed by both parties.

Section 10.04 This Agreement may not be assigned by either party without mutual consent and is binding upon all purchases, heirs or assigns.

Section 10.05 If any portion of this Agreement is declared void or unenforceable as a result of a change in Federal or State law or regulations or by a change in Federal, State or Local specifications, the remaining sections will remain in force and the **DISTRICT** shall propose an amendment to the offending section or part thereof to bring it back into compliance.

Section 10.06 The article and section headings in this Agreement are merely for the convenient reference of the parties and shall not affect the meaning or interpretation of the Agreement.

Section 10.07 The term of this Agreement is to run for the full term of the SRF loan and until all required payments thereunder are made in full.

Section 10.08 The **DEVELOPER** is familiar with the provisions of the Public Service Commission's Sewer Rule 5.3 (included in this section) and has expressly waived the applicability thereof with respect to the Collection System. Both the **DISTRICT** and the **DEVELOPER** have jointly consented to the utilization of this alternate plan.

DEVELOPER'S WAIVER OF PUBLIC SERVICE COMMISSION RULE 5.3

WV Public Service Commission Rule 5.3 is included below:

5.3 Extension of Service.

5.3.1. A sewer utility, whether municipally or privately owned, is under a public service obligation to extend its plant and facilities to serve new customers within its service area who may apply for service.

5.3.2. Extensions shall be made in all cases in which the public convenience and necessity require the service, construction problems are not unusual or burdensome, and the extensions appear to be economically feasible.

5.3.3. For any proposed extension of mains, a reasonable relationship should exist between the per customer investment for serving new customers and the per customer investment for serving old customers.

5.3.4. Extension for general sewer service –

a. The utility will, upon written request for service by a prospective customer or group of prospective customers located in the same neighborhood, determine the necessary size of main required to give service and make an estimate of the cost of the proposed extension including pipe, valves, manholes, fittings, all other necessary materials and all other costs such as

labor permits, and related costs. The written estimate shall be provided to the customer no more than forty-five (45) days from the receipt by the utility of the written request for service. The written estimate shall include an estimated construction start date and an estimated time of construction. If the prospective customer believes that any part of the estimate is unreasonable, the customer is free to file a formal complaint with the Commission. Further, the utility shall provide a copy of the main extension rule to the prospective customer and obtain a written acknowledge-ment from the customer that a copy of the rule has been furnished to the customer. The utility shall keep a written record of the customer's acknowledgement for at least six (6) years. The length of the extension required shall be that length required to extend from the new proposed service area to the nearest main having sufficient excess capacity to provide service at maximum demand.

B. Where the cost of the extension does not exceed three and one-half (3 ½) times the estimated normal annual revenue from prospective customers whose service lines will immediately be connected directly to the extension and from whom the utility has received applications for service upon forms provided by the utility for this purpose, the utility will install, at its own cost and expense, the necessary extension: **Provided**, that the patronage or demand will be of such permanency as to warrant the capital expenditure involved.

Normal annual revenue shall be based on one hundred fifty (150) gallons of water usage (assuming sewer charges are based on metered water service) per residential unit or latest edition of American Water Works Association estimates and consumption for various units.

5.3.5. Extensions subject to customer cost participation –

If the estimated cost of the proposed extension required in order to furnish general sewer service exceeds three and one-half (3 ½) times the utility's estimate of immediate normal annual revenue as determined by 5.3.4.b., such extension shall be made if the applicant or the applicant's authorized agent contracts for such extension and deposits in advance with the utility the estimated cost of the extension over and above the free extension limit. The utility shall not pay nor be liable for any interest on the cash deposits associated with line extensions. The utility shall make the extension after receiving the cash deposit. The utility shall, for each bona fide new customer who later directly connects to the extension between its original beginning and original terminus within a period of ten (10) years from the making of such extension, refund to the original depositor(s), an amount equal to three and one-half (3 ½) times the estimated gross annual revenue, exclusive of taxes, surcharges or other similar charges. Of the new customer, but in no event shall the aggregate refund made to the depositors exceed the original deposit. Provided, however, that public service districts and municipal sewer utilities may elect to refund the estimated amount over a period of seven (7) years making no less frequently than every six (6) months.

5.3.6. Alternate Depositor – Financed Extension Plan

a. Qualifying utilities.

The above requirements notwithstanding the utility may decline to finance the free extension portion of a requested extension if it can demonstrate that it has no prospect of any reasonable internal or external financing including through commercial loans, grants or through an installment arrangement with an entity installing the extension or providing the necessary materials.

A.If the utility declines to finance the free extension portion of a requested extension, the utility shall file for a waiver of the free extension rule within sixty (60) days of the written request.

B. Before filing for a waiver, the utility must first make an estimate of the extension costs.

C. A request for a waiver by a utility shall be accompanied by supporting documentation justifying its request.

D. If the Commission finds that the utility has reasonably declined to finance the free extension portion of the requested line, the Commission shall authorize the use of the alternate depositor-financed extension plan as described below.

b. Description of alternative depositor-financed extension plan.

Under the alternate depositor-financed extension plan, the utility shall make the extension after:

A. receiving a cash deposit equal to the full amount of the extension cost; and

B. agreeing to give the depositor(s) who is a customer, a monthly bill credit totaling one hundred percent (100%) of their estimated bill(s) for three and one-half (3 ½) years from the date service is initiated. The estimate shall be made at the time the extension plan is finalized and shall not be changed based on subsequent actual usage; and

C. agreeing to refund to the original depositor(s) an amount equal to three and one-half (3 ½) times the estimated gross annual revenue of each bona fide customer, other than the depositor(s), who directly connects to the extension between its original beginning and the original terminus within a period of ten (10) years from the construction of the extension. The estimate shall occur at the time the bona fide customer, other than the depositor(s) connects to the extension. The refund may be spread out over a seven (7) year period with the utility making payments no less frequently than every six (6) months.

c. In no event shall the total refund made to the depositor(s) under 5.3.6. exceed the original deposit of the depositor(s).

d. The utility shall not pay nor be liable for any interest on the cash deposits associated with line extensions.

c. "Gross Revenue", as mentioned in 5.3.6.b.C. shall not include any taxes, surcharges or other similar charges which do not constitute revenue for the utility.

5.3.7. Adjustment of cost of extension

Should the actual cost of the extension be less than the estimated cost, the utility will refund the difference as soon as the actual cost has been ascertained. When the actual cost of the extension exceeds the estimated cost, then the utility will bill the depositor for the difference between the estimated and the actual cost.

a. In estimating the cost of an extension, the estimate shall be based on the diameter of the pipe to be used: **provided**, however, that the estimated cost to the customer or customers shall not be based on a pipe diameter in excess of the size of main from which the extension is to be made, unless actual use estimated for the proposed customer or customers required a larger pipe.

b. No interest will be paid by the utility on the applicant's payment or on any non-refunded balances.

c. At the expiration of said ten 10) year period, the refund account will be closed, and no further refunds will be made.

d. Extensions made under this rule shall be and remain the property of the utility.

e. The utility reserves the right to further extend its sewer mains from and beyond the terminus of each sewer main extension made under this rule, and the depositor or the depositor's agent paying for an extension shall not be entitled to any refund for the attaching of customers to any further extension or branch mains so installed.

f. In determining the length of main extensions or of pipe lines to be installed in an urban area when land is subdivided in lots, the main shall be extended to fully cover the frontage of the property or one-hundred lineal feet, whichever is the lesser and if the last lot to be served is a corner lot, the terminal point of the extension made hereunder shall be located at the nearest street line of the intersecting street. In rural areas or open land areas, the extension required will be that length necessary to adequately serve the applicant or one-hundred lineal feet, whichever is the greater.

g. Before sewer lines will be laid hereunder in any new subdivision, it is understood and agreed that the road surface shall be brought to the established sub-grade as determined by the agency having jurisdiction.

h. This rule shall not be construed as prohibiting the utility from providing an alternate plan for main extensions so long as no discrimination is practiced between customers whose service requirements are similar. However, such alternate plan shall be filed with and approved by the Public Service Commission prior to the implementation of the alternate plan by any of the parties. Failure to obtain Public Service Commission approval will result in the loss of the right to obtain reimbursement from the utility. If an entity other than the utility constructs the extension, upon completion of construction and proper utility inspection of the extension, the utility shall initiate service only after proper transfer of title of all facilities including property, plant and rights-of-way incidental to the furnishing of utility service.

i. Contract for service – The utility shall not be required to make free extensions or refunds as described in this rule unless those to be served by such extensions shall guarantee to the utility that they will take the service at their premises within thirty (30) days after service is available.

j. Construction conditions – Construction of line extensions, as provided in this rule, will be undertaken promptly after all applications have been completed and necessary right-of-way agreements or rights of entry have been delivered to the utility and all prospective customers have signed contracts.

k. Right-of-Way – With respect to the item "Right-of-Way", it is not the purpose of this rule to require the utility to build extensions over private rights-of-way. If the construction of an extension involves the use of a private right-of-way, then the prospective customer, whenever reasonably possible, shall secure the right-of-way and deliver to it to the utility free of cost before construction of the extension is started. If, however, it is not reasonably possible for the prospective customer or customers to secure the right-of-way, and the construction of an extension involves the utility's incurring expense for right-of-way easements, either by purchase or condemnation, such costs shall be added to the total cost of the extension.

As a condition to obtaining a main extension, any property owner or developer shall grant the utility the necessary easements on their property which would allow the utility to make future extensions of the main into unserved areas. The granting of the necessary easements shall be made without the utility being required to pay additional consideration for the additional easements to the property owner or developer. If the property owner or developer is unwilling to grant the additional easements, the utility shall not be required to extend its main to serve the property owner or developer.

l. The Commission shall consider, upon proper filing of a tariff rate case by the utility, the inclusion of a significant impact on the utility's capacity.

Section 10.09 This Agreement shall be subject to approval by the Public Service Commission of West Virginia and availability of SRF funding.

Section 10.10 The form of this Agreement, and the execution thereof, have been properly approved by the Public Service Board of the District and by the Developer.

WITNESS the following signatures and seals this 9 day of September, 2001.

ATTEST:

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: Robert L. Grove Sr
Robert L. Grove, Sr. Chairman

(CORPORATE SEAL)

ATTEST:
Witness

PHILLIP P. COGAR

By:

STATE OF WEST VIRGINIA,
COUNTY OF BERKELEY, to-wit:

I, Curtis Brian Keller, a notary public in and for said state do, hereby certify that ROBERT L. GROVE, SR., Chairman of the BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, AND Phillip P. Cogar, of ——, whose names are signed to the writing above, have this day acknowledged the same before me.

Given under my hand this 9th day of September, 2001.

NOTARY PUBLIC

My Commission Expires

October 26, 2004

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
CURTIS BRIAN KELLER
BERKELEY CO. PUBLIC SERVICE SEWER DIST.
P.O. Box 944
Martinsburg, WV 25402
My commission expires October 26, 2004

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTICT

Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

BILL OF SALE

On this 14th day of August 2003, the undersigned, on behalf of Phillip P. Cogar ("Cogar"), acknowledges that it sold and conveyed and the Berkeley County Public Service Sewer District ("District") purchased and acquired a main line sewer extension providing sewer utility service to the Bentwood Subdivision on Locust Drive, developed by Cogar and located in Inwood, West Virginia. The conveyance and purchase were consummated pursuant to the terms of an Alternate Main Line Extension Agreement, dated September 9, 2001, between Cogar and the District for a total consideration of Two Hundred Ninety-Seven Thousand Four Hundred Fifty One and 00/100 DOLLARS ($297,451.00), and the undersigned on behalf of Cogar acknowledges that said sum constitutes payment in full for said main line sewer extension. The specific assets conveyed herein consist of approximately 11,570 linear feet of 8" gravity sewer main, 600 linear feet of 4" force main, 43 manholes and one (1) submersible lift station as shown in the plans prepared by Yebernetsky, Roberts & Stansbury, the design engineer for said main line sewer extension.

IN WITNESS WHEREOF, the undersigned company, by its duly appointed representative, has caused this Bill of Sale to be properly executed as of the day and year first hereinabove written.

PHILLIP P. COGAR

Phillip P Cogar

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

RECEIPT FOR PURCHASE PRICE

The undersigned, Phillip P. Cogar ("Cogar), hereby certifies and acknowledges receipt from Berkeley County Public Service Sewer District (the "District") of $297,451, being the entire purchase price for certain previously constructed sewerage facilities, consisting of approximately 11,570 linear feet of 8" gravity sewer main, 600 linear feet of 4" force main, 43 manholes and 1 submersible lift station to serve the Bentwood Subdivision on Locust Drive as described under the Alternate Main Line Extension Agreement dated September 9, 2001, by and between the District and Cogar.

WITNESS my signature on this 14th day of August, 2003.

PHILLIP P. COGAR

By: _____

08/13/03
067740/00010

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

FARMERS & MERCHANTS BANK AND TRUST, Martinsburg, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Berkeley County Public Service Sewer District (the "Issuer") adopted July 29, 2003, and the Supplemental Resolution of the Issuer adopted July 29, 2003 (collectively, the "Resolution"), authorizing issuance of the Issuer's (i) Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated August 14, 2003, issued in the principal amount of $252,922; and (ii) Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), dated August 14, 2003, issued in the principal amount of $330,862 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Resolution.

WITNESS my signature on this 14th day of August, 2003.

FARMERS & MERCHANTS BANK AND TRUST

Its: Authorized Officer

07/30/03
067740/00010

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Berkeley County Public Service Sewer District (i) Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated August 14, 2003, issued in the principal amount of $252,922; and (ii) Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), dated August 14, 2003, issued in the principal amount of $330,862 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Resolution authorizing issuance of the Bonds.

WITNESS my signature on this 14th day of August, 2003.

THE HUNTINGTON NATIONAL BANK

Its: Authorized Officer

08/04/03
067740/00010

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Resolution and Registrar's Agreement providing for the above-captioned Bonds of Berkeley County Public Service Sewer District (the "Issuer"), hereby certifies that on the date hereof (i) the single, fully registered Sewer Revenue Bond, Series 2003 A (West Virginia SRF Program), of the Issuer, dated August 14, 2003, in the principal amount of $252,922, numbered AR-1; and (ii) the single, fully registered Sewer Revenue Bond, Series 2003 B (West Virginia SRF Program), of the Issuer, dated August 14, 2003, in the principal amount of $330,862, numbered BR-1, both 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 the as Registrar.

WITNESS my signature on this 14th day of August, 2003.

THE HUNTINGTON NATIONAL BANK

Its: Authorized Officer

08/04/03
067740/00010

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 14th day of August, 2003, by and between BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $252,922 Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), and its $330,862 Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), both dated August 14, 2003, in fully registered form (collectively, the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted July 29, 2003, and the Supplemental Resolution of the Issuer duly adopted July 29, 2003 (collectively, the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	Berkeley County Public Service Sewer District Post Office Box 944 Martinsburg, West Virginia 25401 Attention: Chairman
REGISTRAR:	The Huntington National Bank One Huntington Square Charleston, West Virginia 25301 Attention: Corporate Trust Department

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

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

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Chairman

THE HUNTINGTON NATIONAL BANK

Its: Authorized Officer

07/29/03
067740/00010

EXHIBIT A

Resolution included in bond transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION

Private Financial Group
900 Lee Street, 11th Floor
P. O. Box 3985
Charleston, West Virginia 25339-3985

Huntington

STATEMENT OF TRUSTEE'S FEES
Invoice Date August 14, 2003

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Account Number 6089001809

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2003 A, Series 2003 B
C/O John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR August, 2003

****

TOTAL AMOUNT	$	500.00
TOTAL DUE	**$**	**500.00**

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA . . *
* .. BOWDEN, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . .*

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

Division of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Telephone: (304) 558-4086 or 558-8855
Fax: (304) 558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Secretary

February 5, 2002

Mr. Walt Sebert
Berkeley County PSD
1253 Hedgesville Road
Martinsburg, WV 25402

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit Modification Application No. WV0082759-G
Modification No. 7 (Inwood WWTP and Opequon / Hedgesville WWTP)

Dear Mr. Sebert:

This letter serves as Modification No. 7 of your WV/NPDES Water Pollution Control Permit No. WV0082759 issued on the 22nd day of April 1996.

After review and consideration of the information submitted on and with Permit Modification Application No. WV0082759-G, dated the 4th day of December 2001, the subject permit is hereby modified to incorporate the following:

1. To acquire, construct, install, operate, and maintain a sewage collection system extension, under Phase 2A of the project, consisting of approximately 30,300 feet of various lengths of sanitary sewer lines, and all necessary appurtenances.

This new sewage collection system extension will serve an estimated additional 2650 customers in the Inwood and Opequon-Hedgesville areas of Berkeley County. The two treatment systems will serve approximately 7400 customers upon completion of this extension.

The information submitted on and with Permit Modification Application No. WV0082759-G dated the 4th of December 2001, along with the approvable plans and specifications reviewed by the Construction Assistance Branch, is all hereby made terms and conditions of this Permit with like effect as if all such permit modification application information was set forth herein.

SEWAGE COLLECTION SYSTEM TO BE CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications, and Reports:	Berkeley County Public Service Sewer District
Date Approvable:	11/15/01
Prepared by:	Chester Engineers 818 West Diamond Avenue Gaithersburg, Maryland 20878
Title	Inwood Wastewater Project Phase 2A SRF No. C-544003-03

Contract numbers 1, 2, 3B, 4A, 4B, 4C, 5A, 5B, 6A, 6C, 7A, 7B, and 8

All other terms and conditions of the subject permit shall remain in effect and unchanged.

Sincerely,

Allyn G. Turner
Director

AGT/nw

CC: Env. Inspector Supervisor
Env. Inspector
Kathy Emery, Construction Assistance

Division of Water Resources
1201 Greenbrier Street
Charleston, West Virginia 25311
Phone (304) 558-4806
Fax (304) 558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Secretary

WV/NPDES Permit No.: WV0082759

NOTICE TO PERMITTEES

The 1999 regular session of the West Virginia legislature revised the Water Pollution Control Act, Chapter 22, Article 11, Section 10 of the Code of West Virginia relating to fees associated with permits. This section of the Code requires all holders of a State water pollution control permit or a national pollutant discharge elimination system permit to be assessed an annual permit fee, based upon rules promulgated by the Secretary of the Department of Environmental Protection. The Secretary has promulgated a final rule in accordance with the code revision to this effect and these rules were effective May 4, 2000. The rules establish an annual permit fee based upon the relative potential to degrade the waters of the State which, in most instances, relate to volume of discharge. However, for sewage facilities, the annual permit fee is based upon the number of customers served by the facility. You may contact the Secretary of State's Office, State Capitol Building, Charleston, WV 25305, to obtain a copy of the rules. The reference is Title 47, Legislative Rules, Department of Environmental Protection, Division of Water Resources, Series 26 Water Pollution Control Permit Fee Schedules.

Based upon the volume of discharge for which your facility is currently permitted, the number of customers served by your facility or for the category you fall within, pursuant to Section 7 of Title 47, Series 26, your annual permit fee is **$2500.00**. This fee is due no later than the anniversary date of permit issuance in each year of the term of the permit or in the case of coverage under a general permit, the fee is due no later than the anniversary date of your coverage under the general permit. **You will be invoiced by this agency at the appropriate time for the fee.** Failure to submit the annual fee within ninety(90) days of the due date will render your permit void upon the date you are mailed a certified written notice to that effect.

PRIOR BONDS RESOLUTIONS

Series 1986 B Bond Resolution
Series 1990 A and B Bond Resolution
Series 1994 A Bond Resolution
Series 1994 B Bond Resolution
Series 1994 C Bond Resolution
Series 1995 A Bond Resolution
Series 1995 B Bond Resolution
Series 1996 A Bond Resolution
Series 1996 B and C Bond Resolution
Series 1996 D Bond Resolution
Series 1997 A Bond Resolution
Series 1997 B Bond Resolution
Series 1999 A Bond and Series 1999 A Note Resolution
Series 2000 A Bond Resolution
Series 2001 A Bond Resolution
Series 2001 B Bond Resolution
Series 2002 A Bond Resolution
Series 2002 B Bond Resolution
Series 2002 C, D and E Bond Resolution

PRIOR BONDS TRANSCRIPTS ARE ON FILE WITH DISTRICT

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

August 14, 2003

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant of the Issuer, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 1986 B Bonds, the Series 1990 A Bonds, the Series 1990 B Bonds, the Series 1994 A Bonds, the Series 1994 C Bonds, the Series 1995 A Bonds, the Series 1995 B Bonds, the Series 1996 A Bonds, the Series 1996 B Bonds, the Series 1996 C Bonds, the Series 1997 A Bonds, the Series 1997 B Bonds and the Series 1999 A Bonds, the Notes, the Series 2000 A Bonds, the Series 2001 A Bonds, the Series 2001 B Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 2002 C Bonds, the Series 2002 D Bonds and the Series 2002 E Bonds hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), in the original aggregate principal amount of $252,922, and the Sewer Revenue Bonds, Series 2003 B Bonds (collectively with the Series 2003 A Bonds, the "Bonds"), in the original aggregate principal amount of $330,862, by Berkeley County Public Service Sewer 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 Sewer Revenue Bonds, Series 1986 B (the "Series 1986 B Bonds"), Sewer Revenue Bonds, Series 1990 A (the "Series 1990 A Bonds"), Sewer Revenue Bonds, Series 1994 A (West Virginia Water Development Authority) (the "Series 1994 A Bonds"), Sewer Revenue Bonds, Series 1994 C (West Virginia SRF Program) (the "Series 1994 C Bonds"), Sewer Revenue Bonds, Series 1995 A (West Virginia SRF Program) (the "Series 1995 A Bonds"), Sewer Revenue Bonds, Series 1995 B (West Virginia SRF Program) (the "Series 1995 B Bonds"), Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program) (the "Series 1996 A Bonds"), Sewer Revenue Bonds, Series 1996 B (West Virginia SRF Program) (the "Series 1996 B Bonds"), Sewer Revenue Bonds, Series 1996 C (West Virginia SRF Program) (the "Series 1996 C Bonds"), Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program) (the "Series 1997 A Bonds"), Sewer Revenue Bonds, Series 1997 B (West Virginia SRF Program) (the

"Series 1997 B Bonds"), Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program) (the "Series 1999 A Bonds"), Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program) (the "Series 2000 A Bonds"), Sewer Revenue Bonds, Series 2001 A (West Virginia SRF Program) (the "Series 2001 A Bonds"), Sewer Revenue Bonds, Series 2001 B (West Virginia SRF Program) (the "Series 2001 B Bonds"), Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program) (the "Series 2002 A Bonds"), Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program) (the "Series 2002 B Bonds"), Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program) (the "Series 2002 C Bonds"), Sewer Revenue Bonds, Series 2002 D (West Virginia SRF Program) (the "Series 2002 D Bonds") and Sewer Revenue Bonds, Series 2002 E (West Virginia SRF Program) (the "Series 2002 E Bonds"), and senior and prior, with respect to liens, pledge and source of and security for payment, to the Issuer's Sewer Revenue Bonds, Series 1990 B (the "Series 1990 B Bonds") and Sewerage System Bond Anticipation Notes, Series 1999 A (West Virginia Infrastructure Fund) (the "Notes").

Barbara B Meadows

Authorized Representative

BERKELEY COUNTY
PUBLIC SERVICE SEWER DISTRICT
P. O. Box 944
Martinsburg, WV 25402
Phone: (304) 263-8566
Fax: (304) 267-7478

Board of Directors:
Robert L. Grove, Sr., Chairman
John C. Kunkle, Treasurer
John E. Myers, Secretary

Walt Sebert
Executive Director
Curtis B. Keller
General Manager

July 29, 2003

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2003 A
(West Virginia SRF Program)
and
Sewer Revenue Bonds, Series 2003 B
(West Virginia SRF Program)

West Virginia Housing Development Fund
Attention: Executive Director
814 Virginia Street East
Charleston, West Virginia 25301

Dear Executive Director:

As required under Section 4.4(e)(iii) of the Loan agreement, dated December 1, 1994 (the "Loan Agreement"), by and between the West Virginia Housing Development Fund (the "Fund") and Berkeley County Public Service Sewer District (the "District"), notice is hereby given that the District will issue its Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), and Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), on or about August 1, 2003, which will be payable from net revenues of the System and will rank senior and prior to the District's Sewer Revenue Bonds, Series 1994 B (the "Series 1994 B Bonds"), held by the Fund, with respect to liens, pledge and source of and security for payment. No event of default or no event which, with the passage of time or the giving of notice or both, may become an event of default under the Loan Agreement or the resolution authorizing the Series 1994 B Bonds, or under any loan agreement or resolution authorizing any outstanding bond or obligation of the District, or any previously approved prior or parity indebtedness, or any other agreements or commitments with respect thereto, has occurred and is continuing. The District has made or will make all the deposits into the Series 1994 B Bonds Repayment Account as and when due in accordance with Section 4.2 of the Loan Agreement.

Very truly yours,

Robert L. Grove, Sr.
Chairman

Copy of letter to:
Rosalie Broderson
Mr. Daniel B. Yonkosky
Samme L. Gee, Esquire
Vincent A. Collins, Esquire

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **August 14, 2003**

Re: **Berkeley County Public Service Sewer District**
Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and
Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program)

SERIES 2003 A BONDS:

1. **DISBURSEMENTS TO BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT**

Payor:	West Virginia Department of Environmental Protection (West Virginia SRF Program)
Amount:	$252,922
Form:	Check
Payee:	Berkeley County Public Service Sewer District
Account:	Series 2003 A Bonds Construction Trust Fund

2. **DISBURSEMENTS BY BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT**

A.

Source:	Series 2003 A Bonds Construction Trust Fund
Amount:	$15,377
Form:	Check
Payee:	West Virginia Municipal Bond Commission
Memo:	Fund Series 2003 A Bonds Reserve Account

B.

Source:	Series 2003 A Bonds Construction Trust Fund
Amount:	$225,629
Form:	Check
Payee:	Larry Faircloth Realty, Inc.
Memo:	Payment under Alternate Main Line Extension Agreement

SERIES 2003 B BONDS:

1. **DISBURSEMENTS TO BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT**

Payor:	West Virginia Department of Environmental Protection (West Virginia SRF Program)
Amount:	$330,862
Form:	Check
Payee:	Berkeley County Public Service Sewer District
Account:	Series 2003 B Bonds Construction Trust Fund

2. **DISBURSEMENTS BY BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT**

A.

Source:	Series 2003 B Bonds Construction Trust Fund
Amount:	$20,114
Form:	Check
Payee:	West Virginia Municipal Bond Commission
Memo:	Fund Series 2003 B Bonds Reserve Account

B.

Source:	Series 2003 B Bonds Construction Trust Fund
Amount:	$297,451
Form:	Check
Payee:	Phillip P. Cogar
Memo:	Payment under Alternate Main Line Extension Agreement

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

BOND CLOSING ATTENDANCE LIST

Date August 14, 2003 Time 10:00 a.m. LGA Berkeley County PSSD Program CWSRF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
John C. Stump	Steptoe + Johnson PLLC	353.8196	353.8181	stumpjc@steptoe-johnson.com
WALT SEBERT	BCPSSD	263-8566	267-7478	sebert@access-
Barbara B Meadows	Water Development Authority	558-3612	558.0299	[illegible]
Rosalie M Brodersen	WV DEP	558 0637	558 3778	rbrodersen@mail.dep.state.wv.us
Samme L. Gee	Jackson Kelly PLLC	340.1318	340.1080	sgee@jackson-kelly.com

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 WALT SEBERT Telephone 304.~~55~~ 263.8566 E-Mail

Address P.O. Box 9441 Martinsburg 25402

REMINDER: As a participant in this program, the Local Governmental Agency (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 NonArbitrage 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.

STATE OF WEST VIRGINIA

NATIONAL UNION FIRE INSURANCE CO.
OF PITTSBURGH, PA. 70 PINE STREET
NEW YORK, NY 10270

ADDITIONAL INSURED:

BERKELEY COUNTY PUBLIC
SERVICE SEWER DISTRICT
P.O. BOX 944
MARTINSBURG, WV 25402

CERTIFICATE NO: L 2742 - Jul 1, 1996

This certifies that the insured named above is an Additional Insured for the Coverage indicated below under General Liability Policy GL 6124043 and Automobile Policy CA 6612133 issued to the State of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

This certificate presents a summary of coverage. The policies may be inspected at the office of the Board of Risk and Insurance Management, 90 MacCorkle Avenue SW, Suite 203 South Charleston, WV 25303 during its regular business hours. Reproduction of the policies shall be at cost.

COVERAGE PERIOD

From: Jul 1, 2003 To: Jul 1, 2004 12:01 Eastern Standard Time.

COVERAGE AFFORDED

The Additional Insured is Insured for the following Coverages:

Comprehensive General Liability Insurance
Personal Injury Liability Insurance
Professional Liability Insurance
Stop Gap Liability Insurance
Wrongful Act Liability Insurance
Comprehensive Auto Liability Insurance
Auto Physical Damage Insurance, including comprehensive and collision, and
Garagekeepers Insurance

LIMITS OF LIABILITY

EACH OCCURRENCE.

$1,000,000 each occurrence for all coverage combined. This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

SPECIAL LIMITS.

The auto physical damage limit is the actual cash value of each vehicle, including mobile equipment, subject to a $1,000 deductible.

DEFENSE COSTS.

Defense costs are in addition to the each occurrence limit of liability.

NOTICE OF CLAIM

All notice of claim should be sent to:

Claim Manager
West Virginia Board of Risk and Insurance Management
90 MacCorkle Avenue S.W.
Suite 203
South Charleston, West Virginia 25303
(304) 766-2646, (800) 345-4669 FAX: (304) 766-2653

OTHER PROVISIONS

SUBJECT TO POLICY TERMS.

The insurance evidenced by this Certificate is subject to all of the terms, conditions, exclusions and definitions in the policies.

OTHER INSUREDS.

The members of the governing body of the Additional Insured named above, its elected or appointed officials, executive officers, directors, commissioners, board members, volunteer workers, student teachers, and employees are also insureds under the policies while acting within the scope of their duties as such.

STATUTORY IMMUNITIES.

It is a condition precedent of coverage under the policies that the Additional Insured does not waive any statutory or common law immunity conferred upon it.

EXCESS COVERAGE.

If the Additional Insured has other primary insurance for the hazards covered by the above policies, the coverage afforded by this certificate does not apply to losses occurring before the expiration or termination date of the other insurance except to the extent that the amount of loss exceeds the limit of liability of the other insurance, but then only for an amount not exceeding the difference between $1,000,000 and the limit of liability of the other insurance.

PRIOR CLAIMS MADE COVERAGE.

As the insurance under this Certificate renews certain liability coverages previously insured on a claims made policy form, the insurance under this Certificate shall apply to a claim or loss reported during the Certificate Coverage Period that occurred prior to the effective date of the Certificate if the claim or loss would have been covered by the prior claims made policy provided that the claim or loss is also within the scope of coverage afforded by the policy issued to the State of West Virginia and not excluded therein. However, in no event shall coverage apply to a claim or loss occurring prior to the RETRO DATE, if any, stated below.

RETRO DATE:

AGENT OF RECORD: ARNDT-MCBEE INSURANCE AGENCY INC.
MARTINSBURG OFFICE
824 N. QUEEN STREET
MARTINSBURG, WV 25401

BY: _____ DATED: June 23, 2003
AUTHORIZED REPRESENTATIVE