BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution
2. Supplemental Resolution
3. Series 2004 A Bonds Loan Agreement
4. Public Service Commission Order
5. Infrastructure Council Approval
6. Cross-Receipt for Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Series 2004 A Bond

OPINIONS OF COUNSEL

9. Approving Opinion on Series 2004 A Bonds of Steptoe & Johnson PLLC, Bond Counsel
10. Opinion of Counsel to Issuer
11. [Reserved]

CERTIFICATES

12. General Certificate of Issuer and Attorney
13. Certificate of Engineer, with Schedule B Attached

14. Certificate of Certified Public Accountant

15. Certificate as to Use of Proceeds

DOCUMENTS OF THE ISSUER

16. County Commission Orders Creating District

17. County Commission Orders Appointing Current Boardmembers

18. Oaths of Office of Current Boardmembers

19. Rules of Procedure

20. Affidavit of Publication on Prefiling Notice

21. Minutes of Current Year Organizational Meeting

22. Excerpt of Minutes on Adoption of Bond Resolution and Supplemental Resolution

23. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

24. [RESERVED]

25. [RESERVED]

26. Certificate of Registration of Bonds

27. Registrar's Agreement

28. NPDES Permit

29. Prior Bond Resolutions
    a. Series 1986 B Bond Resolution (See that transcript)
    b. Series 1990 A and B Bond Resolution (See that transcript)
    c. Series 1994 A Bond Resolution (See that transcript)
    d. Series 1994 B Bond Resolution (See that transcript)
    e. Series 1994 C Bond Resolution (See that transcript)
    f. Series 1995 A Bond Resolution (See that transcript)
    g. Series 1995 B Bond Resolution (See that transcript)

h. Series 1996 A Bond Resolution (See that transcript)
i. Series 1996 B and C Bond Resolution (See that transcript)
j. Series 1996 D Bond Resolution (See that transcript)
k. Series 1997 A Bond Resolution (See that transcript)
l. Series 1997 B Bond Resolution (See that transcript)
m. Series 1999 A Bond Resolution (See that transcript)
n. Series 2000 A Bond Resolution (See that transcript)
o. Series 2001 A Bond Resolution (See that transcript)
p. Series 2001 B Bond Resolution (See that transcript)
q. Series 2002 A Bond Resolution (See that transcript)
r. Series 2002 B Bond Resolution (See that transcript)
s. Series 2002 C Bond Resolution (See that transcript)
t. Series 2002 D Bond Resolution (See that transcript)
u. Series 2002 E Bond Resolution (See that transcript)
v. Series 2003 A Bond Resolution (See that transcript)
w. Series 2003 B Bond Resolution (See that transcript)

30. Consent of West Virginia Water Development Authority

31. Notice to West Virginia Housing Development Fund

32. Evidence of Insurance

33. Receipt of Payment of Notes

34. Closing Memorandum

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

BOND RESOLUTION

Table of Contents

Subject **Page**

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	7
Section 1.04	Definitions	8

ARTICLE II
AUTHORIZATION OF PERMANENT FINANCING OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01	Authorization of Permanent Financing of Acquisition and Construction of the Project	16

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

Section 3.01	Authorization of Bonds	17
Section 3.02	Terms of Bonds	17
Section 3.03	Execution of Bonds	18
Section 3.04	Authentication and Registration	18
Section 3.05	Negotiability, Transfer and Registration	18
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	19

Section 3.07	Bonds not to be Indebtedness of the Issuer	19
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds	19
Section 3.09	Delivery of Bonds	20
Section 3.10	Form of Bonds	20
	FORM OF SERIES 2004 A BOND	21
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	33
Section 3.12	Filing of Amended Schedule	33

ARTICLE IV
[RESERVED] 34

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	35
Section 5.02	Establishment of Funds and Accounts with Commission	35
Section 5.03	System Revenues; Flow of Funds	35

ARTICLE VI
BOND PROCEEDS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	42

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	43
Section 7.02	Bonds not to be Indebtedness of the Issuer	43
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds	43
Section 7.04	Initial Schedule of Rates and Charges	43
Section 7.05	Sale of the System	44
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	45
Section 7.07	Parity Bonds	46
Section 7.08	Books; Records and Audit	47
Section 7.09	Rates	49
Section 7.10	Operating Budget and Monthly Financial Report	50
Section 7.11	Engineering Services and Operating Personnel	51
Section 7.12	No Competing Franchise	51

Section 7.13	Enforcement of Collections	51
Section 7.14	No Free Services	52
Section 7.15	Insurance and Construction Bonds	52
Section 7.16	Mandatory Connections	54
Section 7.17	Completion of Project; Permits and Orders	55
Section 7.18	[RESERVED]	55
Section 7.19	Statutory Mortgage Lien	55
Section 7.20	Compliance with Loan Agreement and Law	55
Section 7.21	Securities Laws Compliance	55
Section 7.22	[RESERVED]	55

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01	Investments	56
Section 8.02	Certificate as to Use of Proceeds; Covenants as to Use of Proceeds	56

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	58
Section 9.02	Remedies	58
Section 9.03	Appointment of Receiver	58

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds	60

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	61
Section 11.02	Bond Legislation Constitutes Contract	61
Section 11.03	Severability of Invalid Provisions	61
Section 11.04	Headings, Etc.	61
Section 11.05	Conflicting Provisions Repealed; Prior Resolutions	61
Section 11.06	Covenant of Due Procedure, Etc.	62
Section 11.07	Public Notice of Proposed Financing	62
Section 11.08	Effective Date	62
	SIGNATURES	63
	CERTIFICATION	64
	EXHIBIT A	65

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

RESOLUTION AUTHORIZING THE PAYMENT OF THE SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND THE PERMANENT FINANCING OF THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,999,600 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND); 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 AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF BERKELEY COUNTY PUBLIC SERVICE 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. 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 permanently financed a portion of certain heretofore acquired and constructed improvements and extensions to the existing public sewerage system of the Issuer, consisting of installing approximately 50 miles of sewer lines and construction of a 750,000 gallon per day sequencing batch reactor wastewater treatment plant for the Inwood area of Berkeley County and replacing approximately 2,000 feet of influent sewer lines and converting and expanding the existing Opequon/Hedgesville wastewater treatment plant with a 1.6 million gallon per day sequencing batch reactor wastewater treatment plant for the Opequon/Hedgesville area of Berkeley County, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer, which improvements were temporarily financed in part through the issuance by the Issuer of its 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, of which $1,999,600 remains outstanding (the "Notes").

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), in the aggregate principal amount of $1,999,600 (the "Series 2004 A Bonds"), to permanently finance the costs of acquisition and construction of the Project by paying in full the entire outstanding principal of and any interest accrued on the Notes. Said costs shall be deemed to have included the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2004 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of acquisition and construction of the Project, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2004 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 35 years.

F. It is in the best interests of the Issuer that the Series 2004 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") in form satisfactory to the Issuer, the Authority and the Council (the "Loan Agreement").

G. There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2004 A 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 2004 A Bonds as follows:

[Remainder of Page Intentionally Left Blank]

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

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

	Designation	Lien Position
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 2003 A (West Virginia SRF Program), dated August 14, 2003, issued in the original aggregate principal amount of $252,922 (the "Series 2003 A Bonds")	First Lien
23.	Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), dated August 14, 2003, issued in the original aggregate principal amount of $330,862 (the "Series 2003 B Bonds")	First Lien
24.	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
25.	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

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 2003 A Bonds and the Series 2003 B Bonds are hereinafter collectively called the "First Lien Bonds"; the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds"; and the Series 1994 B Bonds are hereinafter called the "Third Lien Bonds." The First Lien Bonds, the Second Lien Bonds and the Third Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2004 A Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds and the Third Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage and parity requirements for issuance of parity bonds of the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2004 A Bonds, the Issuer will obtain the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met, the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2004 A Bonds on a parity with the First Lien Bonds and the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2004 A Bonds on a senior and prior basis to the Second Lien Bonds. Prior to the issuance of the Series 2004 A Bonds, the Issuer will provide written notice to the Holders of the Third Lien Bonds regarding the issuance of the Series 2004 A Bonds on a senior and prior basis to the Third Lien Bonds, there being no consent requirement. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Bonds, and to make payments into all 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, the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2004 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing hereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity, if necessary, and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2004 A Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2004 A 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 2004 A 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 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2004 A Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

"Bonds" means, collectively, the Series 2004 A 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 2004 A Bonds for all or a portion of the proceeds of the Series 2004 A Bonds from the Authority.

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

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

"Consulting Engineers" means Chester Engineers, Inc., Martinsburg, 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 and construction of the Project.

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

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

"Depository Bank" means the bank 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, the Series 2002 E Bonds, the Series 2003 A Bonds and the Series 2003 B Bonds, as described in Section 1.02G hereof.

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

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

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

"Grants" means all monies received by the Issuer on account of any Grant for the Project.

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

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

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

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2004 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2004 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2004 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2004 A 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 Issuer's Sewerage System Bond Anticipation Notes, Series 1999 A (West Virginia Infrastructure Fund), dated October 28, 1999, which will be paid in full with the proceeds of the Series 2004 A Bonds on the Closing Date.

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

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond 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 2004 A Bonds in the Supplemental Resolution.

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

"Prior Resolutions" means, individually or collectively, the resolution of the Issuer adopted March 6, 1986, authorizing the Series 1986 B Bonds; the resolution of the Issuer adopted April 30, 1990, authorizing the Series 1990 A Bonds and the Series 1990 B Bonds; the resolution of the Issuer adopted October 3, 1994, authorizing the Series 1994 A Bonds; the resolution of the Issuer adopted November 14, 1994, authorizing the Series 1994 B Bonds; the resolution of the Issuer adopted November 14, 1994, authorizing the Series 1994 C Bonds; the resolution of the Issuer adopted February 6, 1995, authorizing the Series 1995 A Bonds; the resolution of the Issuer adopted December 18, 1995, authorizing the Series 1995 B Bonds; the resolution of the Issuer adopted February 8, 1996, authorizing the Series 1996 A Bonds; the resolution of the Issuer adopted April 29, 1996, authorizing the Series 1996 B Bonds and the Series 1996 C Bonds; the resolution of the Issuer adopted June 11, 1996, authorizing the Series 1996 D Bonds; the resolution of the Issuer adopted June 6, 1997, authorizing the Series 1997 A Bonds; the resolution of the Issuer adopted December 9, 1997, authorizing the Series 1997 B Bonds; the resolution of the Issuer adopted October 26, 1999, authorizing the Series 1999 A Bonds; 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; the resolution of Issuer adopted August 27, 2002; authorizing the Series 2002 C Bonds, the Series 2002 D Bonds and the Series 2002 E Bonds; and the resolution of the Issuer adopted July 29, 2003, authorizing the Series 2003 A Bonds and the Series 2003 B Bonds.

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

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

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

(a) Government Obligations;

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

Government Obligations or interest coupons stripped from Government Obligations;

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2004 A 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 2004 A Bonds and certain of the Prior Bonds.

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

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

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

"Series 2004 A Bonds" means the Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2004 A Bonds Reserve Account" means the Series 2004 A Bonds Reserve Account established in the Series 2004 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2004 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 2004 A Bonds in the then current or any succeeding year.

"Series 2004 A Bonds Sinking Fund" means the Series 2004 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2004 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2004 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2004 A Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2004 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

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

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

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

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

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

ARTICLE II

AUTHORIZATION OF PERMANENT FINANCING OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Permanent Financing of Acquisition and Construction of the Project. There is hereby authorized and ordered the permanent financing of a portion of the acquisition and construction of the Project, at a cost of $1,999,600, through the payment in full of the outstanding principal of and any interest accrued on the Notes. The proceeds of the Series 2004 A Bonds shall be applied as provided in Article VI. The Issuer has previously received bids and entered into contracts for the acquisition and construction of the Project in an amount and otherwise compatible with the financing plan submitted to the Council. The Project has been constructed in accordance with the plans, specifications and designs prepared by the Consulting Engineer.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of paying the Notes in full, capitalizing interest on the Series 2004 A Bonds, funding a reserve account for the Series 2004 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2004 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2004 A Bonds of the Issuer. The Series 2004 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund)," in an aggregate principal amount of $1,999,600, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2004 A Bonds remaining after funding of the Series 2004 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2004 A Bonds, if any, shall be applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2004 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2004 A 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 2004 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2004 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2004 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2004 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2004 A 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 2004 A Bonds shall cease to be such officer of the Issuer before the Series 2004 A 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 2004 A 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 2004 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2004 A 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 2004 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2004 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2004 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2004 A 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 2004 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2004 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2004 A 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 and the Third Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2004 A Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2004 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2004 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2004 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2004 A Bonds to the original purchasers;

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

D. Executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2004 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2004 A 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 2004 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BOND, SERIES 2004 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

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 t`he special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the Council, dated _____, 2004.

This Bond is issued to permanently finance a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project") through the payment in full of the outstanding principal of and any interest accrued on the Issuer's Sewerage System Bond Anticipation

Notes, Series 1999 A (West Virginia Infrastructure Fund) (the "Notes"). The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on October 19, 2004, and a Supplemental Resolution duly adopted by the Issuer on October 19, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(18) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA 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");

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

(23) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2003, ISSUED 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, THE SERIES 2003 A BONDS AND THE SERIES 2003 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"); AND

(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").

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 2003 E BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2003 B BONDS, THE SERIES 1990 B BONDS AND THE SERIES 1994 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2004 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 2004 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 (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2004.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 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: _____, 2004.

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 Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved. The Series 2004 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Filing of Amended Schedule. The Issuer has filed with the Council and the Authority a schedule, the form of which was provided by the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

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

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 2004 A Bonds Sinking Fund; and

(2) Series 2004 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following 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 Sinking Fund for payment of interest on the Series 2002 E Bonds; (ix) for deposit in the Series 2003 A Bonds Sinking Fund for payment of interest on the Series 2003 A Bonds; and (x) for deposit in the Series 2003 B Bonds Sinking Fund for payment of interest on the Series 2003 B Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts required by the Prior Resolutions (i) for deposit in the Series 1986 B Bonds Sinking Fund for payment of the principal of the Series 1986 B Bonds; (ii) for deposit in the Series 1990 A Bonds Sinking Fund for the payment of the principal of the Series 1990 A Bonds; (iii) for deposit in the Series 1994 A Bonds Sinking Fund for the payment of the principal of the Series 1994 A Bonds; (iv) for deposit in the Series 1994 C Bonds Sinking Fund for payment of the principal of the Series 1994 C Bonds; (v) for deposit in the Series 1995 A Bonds Sinking Fund for payment of the principal of the Series 1995 A Bonds; (vi) for deposit in the Series 1995 B Bonds Sinking Fund for payment of the principal of the Series 1995 B Bonds; (vii) for deposit in the Series 1996 A Bonds Sinking Fund for payment of the principal of the Series 1996 A Bonds; (viii) for deposit in the Series 1996 B Bonds Sinking Fund for payment of the principal of the Series 1996 B Bonds; (ix) for deposit in the Series 1996 C Bonds Sinking Fund for payment of the principal of the Series 1996 C Bonds; (x) for deposit in the Series 1996 D Bonds Sinking Fund for payment of the principal of the Series 1996 D Bonds; (xi) for deposit in the Series 1997 A Bonds Sinking Fund for payment of the principal of the Series 1997 A Bonds; (xii) for deposit in the Series 1997 B Bonds Sinking Fund for payment of the principal of the Series 1997 B Bonds; (xiii) for deposit in Series 1999 A Bonds Sinking Fund for payment of the principal of the Series 1999 A Bonds; (xiv) for deposit in the Series 2000 A Bonds Sinking Fund for payment of the principal of the Series 2000 A Bonds; (xv) for deposit in the Series 2001 A Bonds Sinking Fund for payment of the

principal of the Series 2001 A Bonds; (xvi) for deposit in the Series 2001 B Bonds Sinking Fund for payment of the principal of the Series 2001 B Bonds; (xvii) for deposit in the Series 2002 A Bonds Sinking Fund for payment of the principal of the Series 2002 A Bonds; (xviii) for deposit in the Series 2002 B Bonds Sinking Fund for payment of principal of the Series 2002 B Bonds; (xix) for deposit in the Series 2002 C Bonds Sinking Fund for payment of the principal of the Series 2002 C Bonds; (xx) for deposit in the Series 2002 D Bonds Sinking Fund for payment of principal of the Series 2002 D Bonds; (xxi) for deposit in the Series 2002 E Bonds Sinking Fund for payment of principal of the Series 2002 E Bonds; (xxii) for deposit in the Series 2003 A Bonds Sinking Fund for payment of principal of the Series 2003 A Bonds; (xxiii) for deposit in the Series 2003 B Bonds Sinking Fund for payment of principal of the Series 2003 B Bonds; and (xxiv) commencing 3 months prior to the first date of payment of principal of the Series 2004 A Bonds, for deposit in the Series 2004 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2004 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts required by the Prior Resolutions for deposit in (i) the Series 1986 B Bonds Reserve Account; (ii) the Series 1990 A Bonds Reserve Account; (iii) the Series 1994 A Bonds Reserve Account; (iv) the Series 1994 C Bonds Reserve Account; (v) the Series 1995 A Bonds Reserve Account; (vi) the Series 1995 B Bonds Reserve Account; (vii) the Series 1996 A Bonds Reserve Account; (viii) the Series 1996 B Bonds Reserve Account; (ix) the Series 1996 C Bonds Reserve Account; (x) the Series 1996 D Bonds Reserve Account; (xi) the Series 1997 A Bonds Reserve Account; (xii) the Series 1997 B Bonds Reserve Account; (xiii) the Series 1999 A Bonds Reserve Account; (xiv) the Series 2000 A Bonds Reserve Account; (xv) the Series 2001 A Bonds Reserve Account; (xvi) the Series 2001 B Bonds Reserve Account; (xvii) the Series 2002 A Bonds Reserve Account; (xviii) the Series 2002 B Bonds Reserve Account; (xix) the Series 2002 C Bonds Reserve Account; (xx) the Series 2002 D Bonds Reserve Account; (xxi) the Series 2002 E Bonds Reserve Account; (xxii) the Series 2003 A Bonds Reserve Account; (xxiii) the Series 2003 B Bonds Reserve Account; and (xxiv) commencing 3 months prior to the first date

of payment of principal of the Series 2004 A Bonds, if not fully funded upon issuance of the Series 2004 A Bonds, for deposit in the Series 2004 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2004 A 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 2004 A Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2004 A Bonds as the same shall become due. Monies in the Series 2004 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2004 A Bonds as the

same shall come due, when other monies in the Series 2004 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2004 A Bonds Sinking Fund and the Series 2004 A Bonds Reserve Account shall be returned, 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 due, if any, on the Series 2004 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2004 A Bonds Reserve Account which result in a reduction in the balance therein below the Series 2004 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.

As and when additional Bonds ranking on a parity with the Series 2004 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2004 A Bonds Sinking Fund or the Series 2004 A Bonds Reserve Accounts therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2004 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2004 A Bonds and the First Lien Bonds, thereafter, with respect to the Second Lien Bonds, thereafter, with respect to the Third 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 Series 2004 A Bonds Sinking Fund and the Series 2004 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2004 A Bonds Sinking Fund and the Series 2004 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2004 A Bonds Sinking Fund and the Series 2004 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2004 A Bonds Sinking Fund and the Series 2004 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2004 A 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 2004 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2004 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2004 A Bonds, there shall first be deposited with the Commission in the Series 2004 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

(b) Next, from the proceeds of the Series 2004 A Bonds, there shall be deposited with the Commission in the Series 2004 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2004 A Bonds Reserve Account.

(c) Next, from the proceeds of the Series 2004 A Bonds there shall be deposited with the Commission in the Notes Payment Fund, the entire outstanding principal of and all interest accrued on the Notes.

(d) After the payment of the Notes and all costs of issuance, any remaining proceeds of the Series 2004 A Bonds shall be expended as directed by the Council.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2004 A 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 2004 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2004 A 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 2004 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2004 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2004 A 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 and the Third Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2004 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia in Case No. 03-1814-PSD-42A, and such rates are hereby adopted.

So long as the Series 2004 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2004 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2004 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2004 A Bonds, immediately be remitted to the Commission for deposit in the Series 2004 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2004 A Bonds. Any balance remaining after the payment of the Series 2004 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2004 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2004 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2004 A 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 2004 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2004 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 A Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

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

purposes of this test, the Issuer may only take into account 75% of the "estimated average increased annual Net Revenues to be received in each of the three succeeding years" to the extent such increased Net Revenues are expected to be derived from an increase in the number of users to be served by the Project financed by such additional Parity Bonds.

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2004 A 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 2004 A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the cost of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and

records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Authority and the Council, or any other original purchaser of the Series 2004 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2004 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2004 A Bonds, and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2004 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2004 A Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with

other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2004 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2004 A Bonds Reserve Account and any reserve accounts for obligations on a parity with or junior to the Series 2004 A 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 2004 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2004 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

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

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

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

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 to operate the System during the entire term of the Loan Agreement.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent

permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2004 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and

extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any

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

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

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

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

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

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

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2004 A 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 2004 A 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 2004 A 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 and the Third Lien Bonds.

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

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

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

Section 7.22. [RESERVED].

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2004 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2004 A 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 2004 A Bonds as a condition to issuance of the Series 2004 A 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 2004 A Bonds as may be necessary in order to maintain the status of the Series 2004 A 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 2004 A 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 Council, as the case may be, from which the proceeds of the Series 2004 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council , to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2004 A 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 2004 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2004 A 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 2004 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2004 A Bonds shall be on a parity with the Holders of the First Lien Bonds and senior to the Holders of the Second Lien Bonds and the Third Lien Bonds.

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

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2004 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2004 A 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 2004 A 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 2004 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2004 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2004 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2004 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2004 A Bonds or the rate of interest, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2004 A 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 2004 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2004 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2004 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between

this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

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

(a) The maximum amount of the Series 2004 A Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2004 A Bonds authorized hereby;

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

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

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

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

Adopted this 19th day of October, 2004.

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 19th day of October, 2004.

Dated: October 28, 2004.

[SEAL]

Secretary

10/18/04
067740.00013

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Berkeley County Public Service Sewer District (the "Issuer") has duly and officially adopted a bond resolution, effective October 19, 2004 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE PAYMENT OF THE SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND THE PERMANENT FINANCING OF THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,999,600 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND); 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 AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of the Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) (the "Series 2004 A Bonds") of the Issuer, in the aggregate principal amount not to exceed $1,999,600, and has authorized the execution and delivery of a loan agreement relating to the Series 2004 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A 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 Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Series 2004 A Bonds should be established by a supplemental resolution; and that other matters relating to the Series 2004 A Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the 2004 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2004 A 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 Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,999,600. The Series 2004 A Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2039, and shall bear no interest. The principal of the Series 2004 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2005, and maturing September 1, 2039, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2004 A Bonds. The Series 2004 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2004 A Bonds.

Section 2. All other provisions relating to the Series 2004 A Bonds and the text of the Series 2004 A Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The price of the Series 2004 A Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2004 A 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 2004 A Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and among the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2004 A Bonds under the Resolution.

Section 6. Series 2004 A Bonds proceeds in the amount of -0- shall be deposited in the Series 2004 A Bonds Sinking Fund, as capitalized interest.

Section 7. Series 2004 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2004 A Bonds Reserve Account.

Section 8. Series 2004 A Bonds proceeds in the amount of $1,999,600 shall be deposited with the Commission in the Notes Payment Fund to pay in full the entire outstanding principal of and all interest accrued on the Notes. the Issuer shall use $13,000 of its own funds to pay the costs of issuance of the Series 2004 A Bonds.

Section 9. 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 2004 A Bonds to be issued hereby and by the Resolution approved and provided for, to the end that the Series 2004 A Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about October 28, 2004.

Section 10. The payment of the Notes, the acquisition and construction of the Project and the permanent financing thereof with proceeds of the Series 2004 A 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 11. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2004 A Bonds Sinking Fund and the Series 2004 A Bonds Reserve Accounts shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 12. The Issuer hereby approves, ratifies and accepts all contracts heretofore entered into relating to the financing, acquisition and construction of the Project.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 19th day of October, 2004.

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 19th day of October, 2004.

Dated: November 30, 2004.

[SEAL]

Secretary

10/18/04
067740.00013

IC-1
(06/06/02)

LOAN AGREEMENT

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

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

M0437348.1

as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or

other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

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

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

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

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

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

maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

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

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

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which

may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior

to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and

the Council, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be

set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

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

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

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

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

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

any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

(SEAL)

By: _____
Its: Chairperson
Date: October 28, 2004

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: October 28, 2004

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

000832/00466
09/24/04

M0437348.1

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

---

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

M0437348.1

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:	
Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

M0437348.1

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $1,999,600
Purchase Price of Local Bonds $1,999,600

The Local Bonds shall bear no interest. Commencing June 1, 2005, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall submit its payments monthly to the Commission which will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

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

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

1. Sewer Revenue Bonds, Series 1986 B, dated March 7, 1986, issued in the original aggregate principal amount $1,638,194.

2. Sewer Revenue Bonds, Series 1990 A, dated May 3, 1990, issued in the original aggregate principal amount of $828,629.

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.

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.

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.

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.

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.

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.

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.

10. Sewer Revenue Bonds, Series 1996 D, dated June 15 1996, issued in the original aggregate principal amount of $4,770,000.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

22. Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated August 14, 2003, issued in the original aggregate principal amount of $252,922.

23. Sewer Revenue Bonds, Series 2003 B, (West Virginia SRF Program), dated August 14, 2003, issued in the original aggregate principal amount of $330,862.

SCHEDULE Y

$1,999,600

Berkeley County PSSD
35 Years, 0% Interest Rate
Closing Date: November 30, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	14,489.86	-	14,489.86
09/01/2005	14,489.86	-	14,489.86
12/01/2005	14,489.86	-	14,489.86
03/01/2006	14,489.86	-	14,489.86
06/01/2006	14,489.86	-	14,489.86
09/01/2006	14,489.86	-	14,489.86
12/01/2006	14,489.86	-	14,489.86
03/01/2007	14,489.86	-	14,489.86
06/01/2007	14,489.86	-	14,489.86
09/01/2007	14,489.86	-	14,489.86
12/01/2007	14,489.86	-	14,489.86
03/01/2008	14,489.86	-	14,489.86
06/01/2008	14,489.86	-	14,489.86
09/01/2008	14,489.86	-	14,489.86
12/01/2008	14,489.86	-	14,489.86
03/01/2009	14,489.86	-	14,489.86
06/01/2009	14,489.86	-	14,489.86
09/01/2009	14,489.86	-	14,489.86
12/01/2009	14,489.86	-	14,489.86
03/01/2010	14,489.86	-	14,489.86
06/01/2010	14,489.86	-	14,489.86
09/01/2010	14,489.86	-	14,489.86
12/01/2010	14,489.86	-	14,489.86
03/01/2011	14,489.86	-	14,489.86
06/01/2011	14,489.86	-	14,489.86
09/01/2011	14,489.86	-	14,489.86
12/01/2011	14,489.86	-	14,489.86
03/01/2012	14,489.86	-	14,489.86
06/01/2012	14,489.86	-	14,489.86
09/01/2012	14,489.86	-	14,489.86
12/01/2012	14,489.86	-	14,489.86
03/01/2013	14,489.86	-	14,489.86
06/01/2013	14,489.86	-	14,489.86
09/01/2013	14,489.86	-	14,489.86
12/01/2013	14,489.86	-	14,489.86
03/01/2014	14,489.86	-	14,489.86
06/01/2014	14,489.86	-	14,489.86
09/01/2014	14,489.86	-	14,489.86
12/01/2014	14,489.86	-	14,489.86
03/01/2015	14,489.86	-	14,489.86
06/01/2015	14,489.86	-	14,489.86
09/01/2015	14,489.86	-	14,489.86

$1,999,600

Berkeley County PSD
35 Years, 0% Interest Rate
Closing Date: November 30, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2015	14,489.86	-	14,489.86
03/01/2016	14,489.86	-	14,489.86
06/01/2016	14,489.86	-	14,489.86
09/01/2016	14,489.86	-	14,489.86
12/01/2016	14,489.86	-	14,489.86
03/01/2017	14,489.86	-	14,489.86
06/01/2017	14,489.86	-	14,489.86
09/01/2017	14,489.86	-	14,489.86
12/01/2017	14,489.86	-	14,489.86
03/01/2018	14,489.86	-	14,489.86
06/01/2018	14,489.86	-	14,489.86
09/01/2018	14,489.86	-	14,489.86
12/01/2018	14,489.86	-	14,489.86
03/01/2019	14,489.86	-	14,489.86
06/01/2019	14,489.86	-	14,489.86
09/01/2019	14,489.86	-	14,489.86
12/01/2019	14,489.86	-	14,489.86
03/01/2020	14,489.86	-	14,489.86
06/01/2020	14,489.86	-	14,489.86
09/01/2020	14,489.86	-	14,489.86
12/01/2020	14,489.86	-	14,489.86
03/01/2021	14,489.86	-	14,489.86
06/01/2021	14,489.86	-	14,489.86
09/01/2021	14,489.86	-	14,489.86
12/01/2021	14,489.86	-	14,489.86
03/01/2022	14,489.86	-	14,489.86
06/01/2022	14,489.86	-	14,489.86
09/01/2022	14,489.86	-	14,489.86
12/01/2022	14,489.85	-	14,489.85
03/01/2023	14,489.85	-	14,489.85
06/01/2023	14,489.85	-	14,489.85
09/01/2023	14,489.85	-	14,489.85
12/01/2023	14,489.85	-	14,489.85
03/01/2024	14,489.85	-	14,489.85
06/01/2024	14,489.85	-	14,489.85
09/01/2024	14,489.85	-	14,489.85
12/01/2024	14,489.85	-	14,489.85
03/01/2025	14,489.85	-	14,489.85
06/01/2025	14,489.85	-	14,489.85
09/01/2025	14,489.85	-	14,489.85
12/01/2025	14,489.85	-	14,489.85
03/01/2026	14,489.85	-	14,489.85
06/01/2026	14,489.85	-	14,489.85
09/01/2026	14,489.85	-	14,489.85

$1,999,600

Berkeley County PSSD
35 Years, 0% Interest Rate
Closing Date: November 30, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2026	14,489.85	-	14,489.85
03/01/2027	14,489.85	-	14,489.85
06/01/2027	14,489.85	-	14,489.85
09/01/2027	14,489.85	-	14,489.85
12/01/2027	14,489.85	-	14,489.85
03/01/2028	14,489.85	-	14,489.85
06/01/2028	14,489.85	-	14,489.85
09/01/2028	14,489.85	-	14,489.85
12/01/2028	14,489.85	-	14,489.85
03/01/2029	14,489.85	-	14,489.85
06/01/2029	14,489.85	-	14,489.85
09/01/2029	14,489.85	-	14,489.85
12/01/2029	14,489.85	-	14,489.85
03/01/2030	14,489.85	-	14,489.85
06/01/2030	14,489.85	-	14,489.85
09/01/2030	14,489.85	-	14,489.85
12/01/2030	14,489.85	-	14,489.85
03/01/2031	14,489.85	-	14,489.85
06/01/2031	14,489.85	-	14,489.85
09/01/2031	14,489.85	-	14,489.85
12/01/2031	14,489.85	-	14,489.85
03/01/2032	14,489.85	-	14,489.85
06/01/2032	14,489.85	-	14,489.85
09/01/2032	14,489.85	-	14,489.85
12/01/2032	14,489.85	-	14,489.85
03/01/2033	14,489.85	-	14,489.85
06/01/2033	14,489.85	-	14,489.85
09/01/2033	14,489.85	-	14,489.85
12/01/2033	14,489.85	-	14,489.85
03/01/2034	14,489.85	-	14,489.85
06/01/2034	14,489.85	-	14,489.85
09/01/2034	14,489.85	-	14,489.85
12/01/2034	14,489.85	-	14,489.85
03/01/2035	14,489.85	-	14,489.85
06/01/2035	14,489.85	-	14,489.85
09/01/2035	14,489.85	-	14,489.85
12/01/2035	14,489.85	-	14,489.85
03/01/2036	14,489.85	-	14,489.85
06/01/2036	14,489.85	-	14,489.85
09/01/2036	14,489.85	-	14,489.85
12/01/2036	14,489.85	-	14,489.85
03/01/2037	14,489.85	-	14,489.85
06/01/2037	14,489.85	-	14,489.85
09/01/2037	14,489.85	-	14,489.85

$1,999,600

Berkeley County PSSD
35 Years, 0% Interest Rate
Closing Date: November 30, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2037	14,489.85	-	14,489.85
03/01/2038	14,489.85	-	14,489.85
06/01/2038	14,489.85	-	14,489.85
09/01/2038	14,489.85	-	14,489.85
12/01/2038	14,489.85	-	14,489.85
03/01/2039	14,489.85	-	14,489.85
06/01/2039	14,489.85	-	14,489.85
09/01/2039	14,489.85	-	14,489.85
Total	**$1,999,600.00**	**-**	**$1,999,600.00**

Yield Statistics

Bond Year Dollars	$35,426.24
Average Life	17.717 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	-1.23E-13
Bond Yield for Arbitrage Purposes	-1.25E-13
All Inclusive Cost (AIC)	-1.15E-13

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	17.717 Years

SCHEDULE Z

None.

031814ALJ110804.wpd

04 NOV -9 AM 6:42
W. VA. PUBLIC SERVICE COMM.
LEGAL DIVISION

FAXED

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA AT CHARLESTON

Entered: November 8, 2004

CASE NO. 03-1814-PSD-42A

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT.
Rule 42A application to increase sewer rates and charges.

CASE NO. 04-1191-PSD-PC

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT.
Petition for consent and approval to convert an existing IJDC BAN to a $2,000,000 loan at 0% interest to be amortized over 35 years.

RECOMMENDED DECISION

PROCEDURE

On October 31, 2003, Berkeley County Public Service District (District), a public utility, Berkeley County, filed an application with the Public Service Commission seeking approval of increased rates and charges to provide sewer service to its customers. The Commission designated the application as Case No. 03-1814-PSD-42A. The District proposed a new graduated capacity improvement fee for additional wastewater treatment capacity, a tap fee increase from $350 to $500 and a 10% general rate increase. If all of the proposed increases were approved, the District's cash flow would increase by $2,432,000. On January 8, 2004, the District filed *Tariff Form* Nos. 2, 6 and 8-A; a publication affidavit indicating that it published a notice of the proposed rate increase on November 10 and 17, 2003, in *The Journal*, a newspaper published and generally circulated in Berkeley County; and a copy of the press release that it furnished to the local media.

On February 11, 2004, the Commission entered the Commission Order that bifurcated the portion of the proceeding dealing with the proposed new graduated capacity improvement fee from the general rate case, thereby assigning Case No. 04-0153-PSD-T to that separate proceeding. The Commission directed that Commission Staff submit its report in both cases on or before April 9, 2004. However, the Commission retained Case No. 04-0153-PSD-T and referred Case No. 03-1814-PSD-42A to the Division of Administrative Law Judges for a decision no later than May 28, 2004.

Responding to all of the above, on March 2, 2004, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to process and resolve this matter, including a Wednesday, April 14, 2004 hearing date.

On March 12, 2004, responding to a motion from Commission Staff, the Commission entered the Commission Order Extending Administrative Law Judge's Decision Due Date in this matter, thereby granting the ALJ until August 26, 2004, to render his written recommended decision. The March 12, 2004 Order also granted Commission Staff until June 8, 2004, to render its Staff Report.

Also on March 12, 2004, responding to all of the above, the ALJ issued an Order Canceling Hearing and Adopting New Procedural Schedule, including a Wednesday, June 16, 2004 hearing date. The March 12, 2004 Order required that the District publish a Notice of Hearing not more than thirty (30) days prior to the June 16, 2004 hearing date.

On April 13, 2004, Staff Attorney Ronald E. Robertson, Jr., submitted a Motion to Reschedule Hearing, thereby indicating that the Staff Engineer is unable to attend the scheduled June 16, 2004 hearing and representing that the District is willing for the hearing to convene at an earlier date, i.e., Friday, June 11, 2004.

On April 22, 2004, the ALJ issued an Order Canceling Hearing and Adopting New Procedural Schedule, including a Friday, June 11, 2004 hearing date. The April 22, 2004 Order also required the District to publish the Notice of Hearing attached to the Order. From a telephone conversation with counsel for the District, the ALJ learned that the District published the Notice of Hearing, correcting it to indicate the proper amount of the actual rate increase sought by this case.[1]

On June 3, 2004, the District requested that the Commission extend the ALJ's decision due date and that the ALJ continue the June 11, 2004 hearing, since it was not totally prepared to go forward with its case on that day. Responding to the request, on June 3, 2004, the Commission entered the Commission Order Extending Administrative Law Judge Decision Due Date and Staff Report Date, thereby granting Commission Staff until July 23, 2004, to submit its report, and granting the ALJ until October 11, 2004, to render his written recommended decision. Since the District had published the Notice of Hearing attached to the April 22, 2004 Order, the ALJ indicated to the parties by telephone that he would convene the hearing as scheduled.

On June 11, 2004, the ALJ convened the hearing. The District was present at the hearing by counsel, William F. Rohrbaugh, Esquire; Commission Staff appeared by Staff Attorney Ronald E. Robertson, Jr., Esquire; and approximately 10 customers appeared to protest the proposed rate hike. The transcript of the June 11, 2004 hearing will be designated as "Tr., Vol. I".

---

[1] As indicated above, this proceeding was bifurcated by the Commission on February 11, 2004. The Notice of Hearing attached to the April 22, 2004 Order contained the original amount of the increased revenues, which included the portion that would come from the proposed new graduated capacity improvement fee in Case No. 04-0153-PSD-T. The increased revenues requested in this rate case are closer to one-half million dollars, rather than two and one-half million dollars; the District informed the ALJ that it would publish the correct amount in the Notice of Hearing.

Responding to all of the above, on March 2, 2004, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to process and resolve this matter, including a Wednesday, April 14, 2004 hearing date.

On March 12, 2004, responding to a motion from Commission Staff, the Commission entered the Commission Order Extending Administrative Law Judge's Decision Due Date in this matter, thereby granting the ALJ until August 26, 2004, to render his written recommended decision. The March 12, 2004 Order also granted Commission Staff until June 8, 2004, to render its Staff Report.

Also on March 12, 2004, responding to all of the above, the ALJ issued an Order Canceling Hearing and Adopting New Procedural Schedule, including a Wednesday, June 16, 2004 hearing date. The March 12, 2004 Order required that the District publish a Notice of Hearing not more than thirty (30) days prior to the June 16, 2004 hearing date.

On April 13, 2004, Staff Attorney Ronald E. Robertson, Jr., submitted a Motion to Reschedule Hearing, thereby indicating that the Staff Engineer is unable to attend the scheduled June 16, 2004 hearing and representing that the District is willing for the hearing to convene at an earlier date, i.e., Friday, June 11, 2004.

On April 22, 2004, the ALJ issued an Order Canceling Hearing and Adopting New Procedural Schedule, including a Friday, June 11, 2004 hearing date. The April 22, 2004 Order also required the District to publish the Notice of Hearing attached to the Order. From a telephone conversation with counsel for the District, the ALJ learned that the District published the Notice of Hearing, correcting it to indicate the proper amount of the actual rate increase sought by this case.[1]

On June 3, 2004, the District requested that the Commission extend the ALJ's decision due date and that the ALJ continue the June 11, 2004 hearing, since it was not totally prepared to go forward with its case on that day. Responding to the request, on June 3, 2004, the Commission entered the Commission Order Extending Administrative Law Judge Decision Due Date and Staff Report Date, thereby granting Commission Staff until July 23, 2004, to submit its report, and granting the ALJ until October 11, 2004, to render his written recommended decision. Since the District had published the Notice of Hearing attached to the April 22, 2004 Order, the ALJ indicated to the parties by telephone that he would convene the hearing as scheduled.

On June 11, 2004, the ALJ convened the hearing. The District was present at the hearing by counsel, William F. Rohrbaugh, Esquire; Commission Staff appeared by Staff Attorney Ronald E. Robertson, Jr., Esquire; and approximately 10 customers appeared to protest the proposed rate hike. The transcript of the June 11, 2004 hearing will be designated as "Tr., Vol. I".

---

[1] As indicated above, this proceeding was bifurcated by the Commission on February 11, 2004. The Notice of Hearing attached to the April 22, 2004 Order contained the original amount of the increased revenues, which included the portion that would come from the proposed new graduated capacity improvement fee in Case No. 04-0153-PSD-T. The increased revenues requested in this rate case are closer to one-half million dollars, rather than two and one-half million dollars; the District informed the ALJ that it would publish the correct amount in the Notice of Hearing.

Several of the Protestants made statements at the June 11, 2004 hearing. However, since neither the District nor Commission Staff were prepared to go forward with their cases, the parties requested a continuance. The District indicated that several events had transpired since it filed this rate case in October 2003 that are known, but not measurable at this time, but which should be included in the going-level revenue requirement, i.e., that it would incur increased debt service around October 2004, due to a bond anticipation note becoming due; that it would be assuming more debt and expenses, as well as increased income, associated with purchasing the system of Sylvan Grove Waste Treatment, Inc. (Sylvan Grove); that it was notified recently by the West Virginia Board of Risk and Insurance Management that its insurance premium would increase from about $24,000 to over $200,000, unless it can obtain insurance elsewhere; and that an employee has been dismissed, subject to a possible criminal investigation to which counsel for the District is not privy.

On July 22, 2004, the District submitted a motion to extend the date for Commission Staff to file its report and to extend the ALJ Division's decision due date. Responding thereto, on July 22, 2004, the Commission entered the Commission Order Extending Administrative Law Judge Decision Due Date and Staff Report Date, thereby granting Commission Staff until August 20, 2004, to file its report and granting the ALJ until November 10, 2004, to render his written Recommended Decision. By telephone, Commission Staff informed the ALJ that the parties had agreed that September 8, 2004, would be a date that all parties would be available for hearing.

Responding to all of the above, on July 26, 2004, the ALJ issued an Order Adopting New Procedural Schedule, including a Wednesday, September 8, 2004 hearing date. The July 26, 2004 Order also indicated that he would issue an order to require publication of the Staff-recommended rates no later than Wednesday, August 25, 2004.

On August 20, 2004, Staff Attorney Robertson submitted the Final Joint Staff Memorandum, attaching the August 17, 2004 Final Memorandum from Staff Engineer James C. Weimer, P.E., and Technical Analyst Audra Blackwell, both of the Engineering Division, and the August 20, 2004 Utilities Division Staff Rule 42 Exhibit prepared by Utilities Analyst Dixie Kellmeyer. Together, these Memoranda comprise Commission Staff's final recommendation in this matter.

Responding to all of the above, on August 25, 2004, the ALJ issued an Order Requiring Publication, which the ALJ corrected on August 27, 2004, requiring the District to publish the Staff-recommended rates and a public hearing notice.

Also on August 25, 2004, the District submitted a letter from its attorney accepting the final Staff recommendation.

On September 8, 2004, the ALJ convened the hearing as scheduled. The District appeared at the hearing by counsel, William R. Rohrbaugh, Esquire; Commission Staff appeared by Staff Attorney Ronald E. Robertson, Jr., Esquire; and no one appeared at the September 8, 2004 hearing to protest the proposed rate increase. The transcript of the September 8, 2004 hearing will be

referred to as "Tr., Vol. II". Each party presented one exhibit and stipulated that the Commission adopt the Staff-recommended rates and charges.

On November 5, 2004, at 5:02 p.m., Staff Attorney Robertson filed a Further Final Joint Staff Memorandum, attached to which was a Utilities Division Further Final Staff Memorandum, prepared by Ms. Kellmeyer. Staff had inadvertently omitted the Leak Adjustment from the tariff applicable to the Sylvan Grove customers. Also, Staff clarified that the Surface or Ground Water Surcharge in Staff's recommended tariff would be applicable to both the former customers of Sylvan Grove and all other customers served by the District.

Case No. 04-1191-PSD-PC

On July 30, 2004, the District filed a petition under *West Virginia Code* §16-13A-25 to convert an existing $2,000,000 West Virginia Infrastructure and Jobs Development Council (IJDC) bond anticipation note (BAN) to a $2,000,000 IJDC loan bearing no interest over a 35-year term. The Commission designated the petition as Case No. 04-1191-PSD-PC.

On August 10, 2004, Staff Attorney Robertson filed the Initial and Final Joint Staff Memorandum, recommending that the Commission either retain the petition or refer it to the ALJ Division to be consolidated with Case No. 03-1814-PSD-42A, *Berkeley County Public Service Sewer District*, the general rate case. Staff recommended that the Commission grant the petition.

By the August 31, 2004 Commission Order, the Commission referred the petition case to the ALJ Division for decision no later than November 10, 2004.

Consolidation

By Procedural Order issued on September 16, 2004, the ALJ consolidated Case No. 04-1191-PSD-PC with Case No. 03-1814-PSD-42A.

EVIDENCE

Several of the Protestants present at the June 11, 2004 hearing presented public statements opposing the proposed rate increase.

Charles Heironimus suggested that the Commission make the District's rates closer to the rates charged by other similar utilities, which are much lower than the District's rates. He suggested that an employee of the District had embezzled some funds, which the District should recover from the perpetrator rather than from the ratepayers. He believes that the District can obtain lower insurance premiums. (Tr., Vol. I, p. 26).

James Harrelson, who is now retired, spent most of his life in Fairfax County, Virginia, and in Washington, D.C., where the sewer rates are about 1/3 of the District's existing rates. He opposes

referred to as "Tr., Vol. II". Each party presented one exhibit and stipulated that the Commission adopt the Staff-recommended rates and charges.

On November 5, 2004, at 5:02 p.m., Staff Attorney Robertson filed a Further Final Joint Staff Memorandum, attached to which was a Utilities Division Further Final Staff Memorandum, prepared by Ms. Kellmeyer. Staff had inadvertently omitted the Leak Adjustment from the tariff applicable to the Sylvan Grove customers. Also, Staff clarified that the Surface or Ground Water Surcharge in Staff's recommended tariff would be applicable to both the former customers of Sylvan Grove and all other customers served by the District.

Case No. 04-1191-PSD-PC

On July 30, 2004, the District filed a petition under *West Virginia Code* §16-13A-25 to convert an existing $2,000,000 West Virginia Infrastructure and Jobs Development Council (IJDC) bond anticipation note (BAN) to a $2,000,000 IJDC loan bearing no interest over a 35-year term. The Commission designated the petition as Case No. 04-1191-PSD-PC.

On August 10, 2004, Staff Attorney Robertson filed the Initial and Final Joint Staff Memorandum, recommending that the Commission either retain the petition or refer it to the ALJ Division to be consolidated with Case No. 03-1814-PSD-42A, *Berkeley County Public Service Sewer District*, the general rate case. Staff recommended that the Commission grant the petition.

By the August 31, 2004 Commission Order, the Commission referred the petition case to the ALJ Division for decision no later than November 10, 2004.

Consolidation

By Procedural Order issued on September 16, 2004, the ALJ consolidated Case No. 04-1191-PSD-PC with Case No. 03-1814-PSD-42A.

EVIDENCE

Several of the Protestants present at the June 11, 2004 hearing presented public statements opposing the proposed rate increase.

Charles Heironimus suggested that the Commission make the District's rates closer to the rates charged by other similar utilities, which are much lower than the District's rates. He suggested that an employee of the District had embezzled some funds, which the District should recover from the perpetrator rather than from the ratepayers. He believes that the District can obtain lower insurance premiums. (Tr., Vol. I, p. 26).

James Harrelson, who is now retired, spent most of his life in Fairfax County, Virginia, and in Washington, D.C., where the sewer rates are about 1/3 of the District's existing rates. He opposes

any rate increase. He echoed Mr. Heironimus' claims that a District employee had been fired for embezzling District funds. (Tr., Vol. I, pp. 26-27). Mr. Harrelson is billed by the District even though he is not actually connected to the system. The District will not return his telephone calls. (Tr., Vol. I, p. 48).

William Thodos and Annette Schmidt believe a few more District employees should be fired for lying to the District's customers. They complained about the District locating a tap at the wrong location, which the District later corrected. It took Mr. Thosos a year and a half to get the District to act on this, leading him to conclude that the District just lies to its customers until someone forces its hand. They believe that firing some of the District's employees would enable it to lower its rates. They want to know exactly why Walter Seibert was fired. The District should go after the embezzler, not after the customers. (Tr., Vol. I, pp. 27-33). Ms. Schmidt also complained that the District should have given its customers better notice of the proposed rate increase[2]. (Tr., Vol. I, pp. 41-42).

Nellie West accused the District's employees of mocking her and lying to her on many occasions. Although she pays her bills on time, the District never makes service repairs on time. She resents having to pay for something that she does not need, i.e., she lives in the country and believes that the District has no right to force her to connect to a sewer line just so developers can build subdivisions and get rid of the countryside. She believes that the District employees should be jailed and their homes confiscated. She believes that the action of the District amounts to confiscating her home. She called the District's employees liars and thieves. "I believe in the justice system and I'm tired of criminals and thieves walking away while we have to pay. And then when we are standing up, we're not innocent; we're being looked at that we are the criminals. Take a look; we're all individual homeowners who worked hard. Look at our faces, look at our wrinkles, look at our gray hair. And look at those people, and tell us, do we have to allow these people to come in our state and take over and ruin what we have worked so hard for and stand up for God. We need your help." (Tr., Vol. I, pp. 33-35). Her son has a septic system that cost him very much to install, since he had to hire a blasting company, and he is not connected to the District's system, yet he has to pay a sewer bill[3] that he cannot afford. She hopes that the Judge will stand up for the little person and not let rich people treat them like dirt. (Tr., Vol. I, pp. 49-50).

Kerry Parker-Hershman emphasized that she and the residents of Souther Cross Estates and Peach Manor Estates pay twice as much for sewer service as for water service. The District has messed up their roads and yards, but will not repair them. She sees no reason to pay 10% more in sewer rates until the District cleans up its act. (Tr., Vol. I, pp. 35-36).

---

[2]Mr. Rohrbaugh, the District's counsel, commented that the District notified all of its then-existing customers of the proposed rate increase by separate mailing to each customer in November 2003, when it filed for the rate increase. He does not think that the District made separate mailings or gave explanations to customers who connected to the system after that date.

[3]Robert Stier of the Commission Staff explained that state law requires persons to connect to public sewer systems if the line passes their property and they can connect by gravity flow; it also permits the sewer utility to charge the minimum bill or a bill based on water consumption if the prospective customer does not choose to connect.

Michele Huffman reiterated much of what the other Protestants said. (Tr., Vol. I, pp. 36-37). Ms. Huffman believes that, if the District wants a rate increase, it needs to restore its customers' properties that the District damaged. (Tr., Vol. I, pp. 42-43).

Freddy Baker has been a customer of the District for only three months, but, during this time, the District's "head honcho" has been fired and $3,000,000 is missing. He believes that the one who stole the money should pay it back and that the District should not increase rates. The District forced him into connecting to the sewer system, even though he had a perfectly good and legally operating septic system. The District tore up his yard and did not restore it properly. The District lost four surveyed property boundary markers. He criticized the District for its nice new office building. (Tr., Vol. I, pp. 37-39).

John J. Rosenkranz, Sr., complained that the District installed his tap at the wrong location, causing him to have to lay about 100 feet more of service pipe than was necessary if the tap had been installed properly. (Tr., Vol. I, pp. 39-41).

At the second hearing on September 8, 2004, the District presented a publication affidavit indicating that the Notice of Staff-recommended Rates and Notice of Hearing was published in *The Journal*, a newspaper published and generally circulated in Berkeley County, on August 28 and September 4, 2004, which the ALJ received into evidence as District Exhibit No. 1. (Tr., Vol. II, pp. 1-10; District Exhibit No. 1).

Commission Staff presented the August 20, 2004 Final Joint Staff Memorandum, attaching the August 17, 2004 Final Memorandum from Staff Engineer James C. Weimer, P.E., and Technical Analyst Audra Blackwell, both of the Engineering Division, and the August 20, 2004 Utilities Division Staff Rule 42 Exhibit prepared by Utilities Analyst Dixie Kellmeyer, which the ALJ received into evidence as Staff Exhibit No. 1. Commission Staff reported that the District would incur a $634,245 cash flow deficit at going-level. Staff has recommended rates that would increase the District's operating revenues by $893,021 above going-level, from $7,187,714 at going-level to $8,080,735, or about 12.42%, which would provide a debt service coverage of about 115%, compared to about 92% at going-level, and a $258,776 cash flow surplus. The Staff-recommended rates for all customers other than those formerly served by Sylvan Grove would increase the customer service charge from $7.01 to $7.90 per month and would increase the volumetric rate from $6.74 per 1,000 gallons to $7.60 per 1,000 gallons. The flat monthly rate for unmetered residential customers would increase from $37.34 to $42.08. Staff has recommended a $0.53 per 1,000 gallons leak adjustment rate. The Staff-recommended rates would not apply to the former customers of Sylvan Grove Waste Treatment, Inc., whose rates would remain unchanged, i.e. $8.05 per 1,000 gallons for the first 3,000 gallons used per month; $7.02 per 1,000 gallons for the next 7,000 gallons used per month; and $5.11 per 1,000 gallons for all usage above 10,000 gallons per month. The Staff-recommended rates are higher than those proposed by the District; however, it has been over one year since the rate case was filed. The Staff-recommended rates are based on adjustments that Staff made at going-level to cover increased costs for insurance; new debt service related to converting the IJDC

Michele Huffman reiterated much of what the other Protestants said. (Tr., Vol. I, pp. 36-37). Ms. Huffman believes that, if the District wants a rate increase, it needs to restore its customers' properties that the District damaged. (Tr., Vol. I, pp. 42-43).

Freddy Baker has been a customer of the District for only three months, but, during this time, the District's "head honcho" has been fired and $3,000,000 is missing. He believes that the one who stole the money should pay it back and that the District should not increase rates. The District forced him into connecting to the sewer system, even though he had a perfectly good and legally operating septic system. The District tore up his yard and did not restore it properly. The District lost four surveyed property boundary markers. He criticized the District for its nice new office building. (Tr., Vol. I, pp. 37-39).

John J. Rosenkranz, Sr., complained that the District installed his tap at the wrong location, causing him to have to lay about 100 feet more of service pipe than was necessary if the tap had been installed properly. (Tr., Vol. I, pp. 39-41).

At the second hearing on September 8, 2004, the District presented a publication affidavit indicating that the Notice of Staff-recommended Rates and Notice of Hearing was published in *The Journal*, a newspaper published and generally circulated in Berkeley County, on August 28 and September 4, 2004, which the ALJ received into evidence as District Exhibit No. 1. (Tr., Vol. II, pp. 1-10; District Exhibit No. 1).

Commission Staff presented the August 20, 2004 Final Joint Staff Memorandum, attaching the August 17, 2004 Final Memorandum from Staff Engineer James C. Weimer, P.E., and Technical Analyst Audra Blackwell, both of the Engineering Division, and the August 20, 2004 Utilities Division Staff Rule 42 Exhibit prepared by Utilities Analyst Dixie Kellmeyer, which the ALJ received into evidence as Staff Exhibit No. 1. Commission Staff reported that the District would incur a $634,245 cash flow deficit at going-level. Staff has recommended rates that would increase the District's operating revenues by $893,021 above going-level, from $7,187,714 at going-level to $8,080,735, or about 12.42%, which would provide a debt service coverage of about 115%, compared to about 92% at going-level, and a $258,776 cash flow surplus. The Staff-recommended rates for all customers other than those formerly served by Sylvan Grove would increase the customer service charge from $7.01 to $7.90 per month and would increase the volumetric rate from $6.74 per 1,000 gallons to $7.60 per 1,000 gallons. The flat monthly rate for unmetered residential customers would increase from $37.34 to $42.08. Staff has recommended a $0.53 per 1,000 gallons leak adjustment rate. The Staff-recommended rates would not apply to the former customers of Sylvan Grove Waste Treatment, Inc., whose rates would remain unchanged, i.e. $8.05 per 1,000 gallons for the first 3,000 gallons used per month; $7.02 per 1,000 gallons for the next 7,000 gallons used per month; and $5.11 per 1,000 gallons for all usage above 10,000 gallons per month. The Staff-recommended rates are higher than those proposed by the District; however, it has been over one year since the rate case was filed. The Staff-recommended rates are based on adjustments that Staff made at going-level to cover increased costs for insurance; new debt service related to converting the IJDC

BAN to an IJDC loan; and other known and measurable expenses that were not known or measurable by the District when it filed its application. (Staff Exhibit No. 1).

DISCUSSION

Having considered all of the above, since the District published the Notice of Staff-recommended Rates and Notice of Hearing; since the Protestants presented no evidence to show that the Staff-recommended rates are not based on the cost of service; since no one protested or objected to the Staff-recommended rates at the September 8, 2004 hearing; since Commission Staff reported that the District would incur a $634,245 cash flow deficit at going-level; since Staff has recommended rates that would increase the District's operating revenues by $893,021 above going-level, from $7,187,714 at going-level to $8,080,735, or about 12.42%, which would provide a debt service coverage of about 115%, compared to about 92% at going-level, and a $258,776 cash flow surplus; and since the Staff-recommended rates would not apply to the former customers of Sylvan Grove Waste Treatment, Inc., whose rates would remain unchanged, the ALJ holds that he will approve the Staff-recommended rates and charges for all service rendered by the District on and after the date that this Recommended Decision becomes final.

Finally, since Staff recommended approving the conversion of the IJDC $2,000,000 BAN to a $2,000,000 IJDC loan bearing no interest for a term of 35 years, the ALJ will approve the petition in Case No. 04-1191-PSD-PC.

FINDINGS OF FACT

1. Berkeley County Public Service District filed an application with the Commission seeking approval of increased rates and charges to provide sewer service to its customers. The District proposed a new graduated capacity improvement fee for additional wastewater treatment capacity, a tap fee increase from $350 to $500 and a 10% general rate increase. If all of the proposed increases were approved, the District's cash flow would increase by $2,432,000. On January 8, 2004, the District filed *Tariff Form* Nos. 2, 6 and 8-A; a publication affidavit indicating that it published a notice of the proposed rate increase on November 10 and 17, 2003, in *The Journal*, a newspaper published and generally circulated in Berkeley County; and a copy of the press release that it furnished to the local media. (See, October 31, 2003 application filed in Case No. 03-1814-PSD-42A).

2. The Commission bifurcated the portion of the proceeding dealing with the proposed new graduated capacity improvement fee from the general rate case, thereby assigning Case No. 04-0153-PSD-T to that separate proceeding. (See, February 11, 2004 Commission Order).

3. The District filed a petition under *West Virginia Code* §16-13A-25 to convert an existing $2,000,000 IJDC BAN to a $2,000,000 IJDC loan bearing no interest over a 35-year term. (See, July 30, 2004 petition filed in Case No. 04-1191-PSD-PC).

4. Commission Staff recommended that the Commission grant the petition in Case No. 04-1191-PSD-PC. (See, August 10, 2004 Initial and Final Joint Staff Memorandum).

5. Nine of the Protestants presented public comment at the June 11, 2004 hearing, voicing their objections to the rate increase, especially in light of the recent developments at the District, i.e., its manager was fired, allegedly for embezzlement or some other mishandling of the District's funds. The Protestants also complained that sewer rates were twice those of water rates; the District's sewer rates are three times more than other utilities' sewer rates; the District damaged their property when installing sewer lines, without restoring their land; they have to connect to the District's system even though they have legally operating septic systems; and that they have to pay a sewer bill even if they do not connect. The Protestants also complained about other quality of service issues more suitable to be addressed in complaint proceedings rather than in this rate case. (See, Testimony of Charles Heironimus, Tr., Vol. I, p. 26; James Harrelson, Tr., Vol. I, pp. 26-27, 48; William Thodos and Annette Schmidt. Tr., Vol. I, pp. 27-33, 41-42; Nellie West, Tr., Vol. I, pp. 33-35,49-50; Kerry Parker-Hershman, Tr., Vol. I, pp. 35-36; Michele Huffman, Tr., Vol. I, pp. 42-43; Freddy Baker, Tr., Vol. I, pp. 37-39; and John J. Rosenkranz, Sr.,Tr., Vol. I, pp. 39-41).

6. The Notice of Staff-recommended Rates and Notice of Hearing was published in *The Journal*, a newspaper published and generally circulated in Berkeley County, on August 28 and September 4, 2004. (Tr., Vol. II, pp. 1-10; District Exhibit No. 1).

7. Commission Staff reported that the District would incur a $634,245 cash flow deficit at going-level. Staff has recommended rates that would increase the District's operating revenues by $893,021 above going-level, from $7,187,714 at going-level to $8,080,735, or about 12.42%, which would provide a debt service coverage of about 115%, compared to about 92% at going-level, and a $258,776 cash flow surplus. The Staff-recommended rates would not apply to the former customers of Sylvan Grove Waste Treatment, Inc., whose rates would remain unchanged. (See, Staff Exhibit No. 1).

CONCLUSIONS OF LAW

1. For all of the reasons set forth in Finding of Fact Nos. 3 and 4, it is reasonable to approve the petition that the District filed under *West Virginia Code* §16-13A-25 to convert an existing $2,000,000 IJDC BAN to a $2,000,000 IJDC loan bearing no interest over a 35-year term.

2. It is reasonable to conclude that the Protestants did not present any evidence that would tend to show that the Staff-recommended rates are not based on the District's actual cost of service.

3. For all of the reasons set forth in Conclusion of Law No. 2 and Finding of Fact Nos. 6 and 7, it is reasonable to approve the Staff-recommended rates and charges for all service that the District renders on and after the date that this Recommended Decision becomes final.

4. Commission Staff recommended that the Commission grant the petition in Case No. 04-1191-PSD-PC. (See, August 10, 2004 Initial and Final Joint Staff Memorandum).

5. Nine of the Protestants presented public comment at the June 11, 2004 hearing, voicing their objections to the rate increase, especially in light of the recent developments at the District, i.e., its manager was fired, allegedly for embezzlement or some other mishandling of the District's funds. The Protestants also complained that sewer rates were twice those of water rates; the District's sewer rates are three times more than other utilities' sewer rates; the District damaged their property when installing sewer lines, without restoring their land; they have to connect to the District's system even though they have legally operating septic systems; and that they have to pay a sewer bill even if they do not connect. The Protestants also complained about other quality of service issues more suitable to be addressed in complaint proceedings rather than in this rate case. (See, Testimony of Charles Heironimus, Tr., Vol. I, p. 26; James Harrelson, Tr., Vol. I, pp. 26-27, 48; William Thodos and Annette Schmidt. Tr., Vol. I, pp. 27-33, 41-42; Nellie West, Tr., Vol. I, pp. 33-35,49-50; Kerry Parker-Hershman, Tr., Vol. I, pp. 35-36; Michele Huffman, Tr., Vol. I, pp. 42-43; Freddy Baker, Tr., Vol. I, pp. 37-39; and John J. Rosenkranz, Sr.,Tr., Vol. I, pp. 39-41).

6. The Notice of Staff-recommended Rates and Notice of Hearing was published in *The Journal*, a newspaper published and generally circulated in Berkeley County, on August 28 and September 4, 2004. (Tr., Vol. II, pp. 1-10; District Exhibit No. 1).

7. Commission Staff reported that the District would incur a $634,245 cash flow deficit at going-level. Staff has recommended rates that would increase the District's operating revenues by $893,021 above going-level, from $7,187,714 at going-level to $8,080,735, or about 12.42%, which would provide a debt service coverage of about 115%, compared to about 92% at going-level, and a $258,776 cash flow surplus. The Staff-recommended rates would not apply to the former customers of Sylvan Grove Waste Treatment, Inc., whose rates would remain unchanged. (See, Staff Exhibit No. 1).

CONCLUSIONS OF LAW

1. For all of the reasons set forth in Finding of Fact Nos. 3 and 4, it is reasonable to approve the petition that the District filed under *West Virginia Code* §16-13A-25 to convert an existing $2,000,000 IJDC BAN to a $2,000,000 IJDC loan bearing no interest over a 35-year term.

2. It is reasonable to conclude that the Protestants did not present any evidence that would tend to show that the Staff-recommended rates are not based on the District's actual cost of service.

3. For all of the reasons set forth in Conclusion of Law No. 2 and Finding of Fact Nos. 6 and 7, it is reasonable to approve the Staff-recommended rates and charges for all service that the District renders on and after the date that this Recommended Decision becomes final.

ORDER

IT IS, THEREFORE, ORDERED that the petition filed with the Commission on July 30, 2004, in Case No. 04-1191-PSD-PC, by the Berkeley County Public Service Sewer District, under *West Virginia Code* §16-13A-25, to convert an existing $2,000,000 IJDC BAN to a $2,000,000 IJDC loan bearing no interest over a 35-year term, be, and hereby is, **approved**.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, attached as Appendix A, be, and hereby are, **approved** for all service rendered by the Berkeley County Public Service Sewer District on and after the date that this Recommended Decision becomes final.

IT IS FURTHER ORDERED that, within 30 days of this Recommended Decision becoming final, the Berkeley County Public Service Sewer District shall file with the Commission an original and at least five (5) copies of a proper tariff setting forth the rates and charges hereby approved.

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

Leave hereby is 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 Recommended Decision 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 Recommended Decision 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 recommended decision 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 recommended decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s
031814ag.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

CASE NO. 03-1814-PSD-42A

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT.
Rule 42A application to increase sewer rates and charges.

APPROVED RATES AND CHARGES

SCHEDULE I

APPLICABILITY

Applicable to all customers served by the Berkeley County Public Service Sewer District other than the former customers of Sylvan Grove Waste Treatment, Inc.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

CHARGES

Volumetric Charge	$ 7.60 per 1,000 gallons usage
Service Charge	$ 7.90 per month
Flat Rate	$ 42.08 per month
Service Connection Charge	$350.00

DELAYED PAYMENT PENALTY

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

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement, a disconnection fee of $10.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $10.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for nonpayment of a sewer bill in conjunction with a water service termination agreement, is reconnected, a reconnection fee of $10.00 shall be charged.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

CASE NO. 03-1814-PSD-42A

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT.
Rule 42A application to increase sewer rates and charges.

APPROVED RATES AND CHARGES

SCHEDULE I

APPLICABILITY

Applicable to all customers served by the Berkeley County Public Service Sewer District other than the former customers of Sylvan Grove Waste Treatment, Inc.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

CHARGES

Volumetric Charge	$ 7.60 per 1,000 gallons usage
Service Charge	$ 7.90 per month
Flat Rate	$ 42.08 per month
Service Connection Charge	$350.00

DELAYED PAYMENT PENALTY

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

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement, a disconnection fee of $10.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $10.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for nonpayment of a sewer bill in conjunction with a water service termination agreement, is reconnected, a reconnection fee of $10.00 shall be charged.

LEAK ADJUSTMENT

$0.53 per 1,000 gallons of water is to be used when a bill reflects unusual water consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or ground water is introduced into the sanitary system where evidence of a violation exists.

Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

Applicability

Whenever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities that conduct surface water have been connected to the utility's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the utility in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .006233 \times C$$

S	=	The surcharge in dollars.
A	=	The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R	=	The measured rainfall, in inches.
.0006233	=	A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.
C	=	The utility's approved rate per thousand gallons of metered water usage.

SCHEDULE II

APPLICABILITY

Applicable to all former customers of Sylvan Grove Waste Treatment, Inc.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

CHARGES

First	3,000 gallons per month	$8.05 per 1,000 gallons
Next	7,000 gallons per month	$7.02 per 1,000 gallons
Over	10,000 gallons per month	$5.11 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $24.15 per month, which is the equivalent of 3,000 gallons of usage.

TAP FEE

A tap fee of $250.00 will be charged to customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

DELAYED PAYMENT PENALTY

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

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement, a disconnection fee of $10.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $10.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for nonpayment of a sewer bill in conjunction with a water service termination agreement, is reconnected, a reconnection fee of $10.00 shall be charged.

LEAK ADJUSTMENT

$0.47 per 1,000 gallons of water is to be used when a bill reflects unusual water consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

LEAK ADJUSTMENT

$0.53 per 1,000 gallons of water is to be used when a bill reflects unusual water consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or ground water is introduced into the sanitary system where evidence of a violation exists.

Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

Applicability

Whenever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities that conduct surface water have been connected to the utility's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the utility in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .006233 \times C$$

S	=	The surcharge in dollars.
A	=	The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R	=	The measured rainfall, in inches.
.0006233	=	A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.
C	=	The utility's approved rate per thousand gallons of metered water usage.

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or ground water is introduced into the sanitary system where evidence of a violation exists.

Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

Applicability

Whenever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities that conduct surface water have been connected to the utility's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the utility in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .006233 \times C$$

S	=	The surcharge in dollars.
A	=	The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R	=	The measured rainfall, in inches.
.0006233	=	A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.
C	=	The utility's approved rate per thousand gallons of metered water usage.

West Virginia Infrastructure & Jobs Development Council

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

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

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

March 8, 2004

Robert L. Grove
Berkeley County Public Service Sewer District
P.O. Box 944
Martinsburg, West Virginia 25402

RE: Berkeley County Public Service Sewer District
IJDC Project: 96S-278
Closing Date: October 28, 1999
$2,000,000 Bond Anticipation Note

Dear Mr. Grove:

The Infrastructure and Jobs Development Council (the "Council"), at its March 3, 2004 meeting, reviewed the Berkeley County Public Service Sewer District's (the "District") February 23, 2004 and March 2, 2004 requests to convert to a grant or to extend the maturity of the $2,000,000 Bond Anticipation Note (the "BAN") between the District and the Water Development Authority on behalf of the Council. The BAN matures on November 1, 2004. The Council reviewed these requests and voted to deny the request for extension of maturity of the BAN or conversion to a grant; however, the Council did vote to allow the District to convert the BAN to a bond and amortize the remaining balance at an interest rate of 0% for a term of 35 years beginning on November 1, 2004. This would provide a maturity of 40 years from the original closing which is the maximum allowable term. The Council feels strongly that the BAN should be converted to a bond with an amortization schedule in order for the District to move forward with additional project financings.

If this commitment letter is acceptable to the District, please execute two copies of this letter and return to the Council at the above stated address not later than **April 15, 2004.** If the Council does not receive this acknowledged commitment letter by April 15, 2004, the Council shall consider this offer rejected and that the balance of the BAN will be paid on November 1, 2004. If you have any questions, please contact Katy Mallory at (304) 558-4607.

Sincerely,

Mark Prince

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

Berkeley County Public Service Sewer District

By: Robert H. Kline Sr

Its:

Date: 06/15/04

cc: Vince Collins, Steptoe & Johnson
Samme Gee, Jackson Kelly
Bernie Yonkosky, WDA
Rose Brodersen, DEP
Randy Moore, HDF
Randy Plum, RUS
Meyishi Blair, PSC

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 30th day of November, 2004, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the West Virginia Infrastructure Fund, 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 Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), in the principal amount of $1,999,600, numbered AR-1 (the "Series 2004 A Bonds"), dated November 30, 2004 (the "Series 2004 A Bonds").

2. At the time of such receipt, the Series 2004 A 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 2004 A Bonds, of the sum of $1,999,600, being the entire principal amount of the Series 2004 A Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

WITNESS our respective signatures on the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Authorized Representative

BERKELEY COUNTY PUBLIC SERVICE
SEWER DISTRICT

Chairman

10/13/04
067740.00013

CH708124.1

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

Berkeley County Public Service Sewer District (the "Issuer") hereby delivers the following to you on this 30th day of November, 2004.

(1) Bond No. AR-1, constituting the entire original issue of Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $1,999,600 (the "Series 2004 A Bonds"), dated November 30, 2004, 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 October 19 2004, and a Supplemental Resolution duly adopted by the Issuer on October 19, 2004 (collectively, the "Resolution");

(2) A copy of the Resolution authorizing the Series 2004 A Bonds duly certified by the Secretary of the Issuer;

(3) Executed counterparts of a loan agreement for the Series 2004 A Bonds, dated October 28, 2004, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2004 A Bonds.

You are hereby requested and authorized to deliver the Series 2004 A Bonds to the Authority upon payment to the Issuer of the sum of $1,999,600, representing the entire principal amount of the Series 2004 A 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 form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

BERKELEY COUNTY PUBLIC SERVICE
SEWER DISTRICT

Chairman

10/13/04
067740.00013

CH708858.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BOND, SERIES 2004 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $1,999,600

KNOW ALL MEN BY THESE PRESENTS: That on this the 30th day of November, 2004, 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 ONE MILLION NINE HUNDRED NINETY-NINE THOUSAND SIX HUNDRED DOLLARS ($1,999,600), in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2005, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the Council, dated October 28, 2004.

This Bond is issued to permanently finance a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project") through the payment in full of the outstanding principal of and any interest accrued on the Issuer's Sewerage System Bond Anticipation Notes, Series 1999 A (West Virginia Infrastructure Fund) (the "Notes"). The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on October 19, 2004, and a Supplemental Resolution duly adopted by the Issuer on

October 19, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(18) SEWER REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA 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");

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

(23) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2003, ISSUED 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, THE SERIES 2003 A BONDS AND THE SERIES 2003 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"); AND

(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").

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 2003 E BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2003 B BONDS, THE SERIES 1990 B BONDS AND THE SERIES 1994 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2004 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 2004 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 (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first above written.

[SEAL]

Chairman

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 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: November 30, 2004.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

SPECIMEN

EXHIBIT A

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	14,489.86	-	14,489.86
09/01/2005	14,489.86	-	14,489.86
12/01/2005	14,489.86	-	14,489.86
03/01/2006	14,489.86	-	14,489.86
06/01/2006	14,489.86	-	14,489.86
09/01/2006	14,489.86	-	14,489.86
12/01/2006	14,489.86	-	14,489.86
03/01/2007	14,489.86	-	14,489.86
06/01/2007	14,489.86	-	14,489.86
09/01/2007	14,489.86	-	14,489.86
12/01/2007	14,489.86	-	14,489.86
03/01/2008	14,489.86	-	14,489.86
06/01/2008	14,489.86	-	14,489.86
09/01/2008	14,489.86	-	14,489.86
12/01/2008	14,489.86	-	14,489.86
03/01/2009	14,489.86	-	14,489.86
06/01/2009	14,489.86	-	14,489.86
09/01/2009	14,489.86	-	14,489.86
12/01/2009	14,489.86	-	14,489.86
03/01/2010	14,489.86	-	14,489.86
06/01/2010	14,489.86	-	14,489.86
09/01/2010	14,489.86	-	14,489.86
12/01/2010	14,489.86	-	14,489.86
03/01/2011	14,489.86	-	14,489.86
06/01/2011	14,489.86	-	14,489.86
09/01/2011	14,489.86	-	14,489.86
12/01/2011	14,489.86	-	14,489.86
03/01/2012	14,489.86	-	14,489.86
06/01/2012	14,489.86	-	14,489.86
09/01/2012	14,489.86	-	14,489.86
12/01/2012	14,489.86	-	14,489.86
03/01/2013	14,489.86	-	14,489.86
06/01/2013	14,489.86	-	14,489.86
09/01/2013	14,489.86	-	14,489.86
12/01/2013	14,489.86	-	14,489.86
03/01/2014	14,489.86	-	14,489.86
06/01/2014	14,489.86	-	14,489.86
09/01/2014	14,489.86	-	14,489.86
12/01/2014	14,489.86	-	14,489.86
03/01/2015	14,489.86	-	14,489.86
06/01/2015	14,489.86	-	14,489.86
09/01/2015	14,489.86	-	14,489.86

Date	Principal	Coupon	Total P+I
12/01/2015	14,489.86	-	14,489.86
03/01/2016	14,489.86	-	14,489.86
06/01/2016	14,489.86	-	14,489.86
09/01/2016	14,489.86	-	14,489.86
12/01/2016	14,489.86	-	14,489.86
03/01/2017	14,489.86	-	14,489.86
06/01/2017	14,489.86	-	14,489.86
09/01/2017	14,489.86	-	14,489.86
12/01/2017	14,489.86	-	14,489.86
03/01/2018	14,489.86	-	14,489.86
06/01/2018	14,489.86	-	14,489.86
09/01/2018	14,489.86	-	14,489.86
12/01/2018	14,489.86	-	14,489.86
03/01/2019	14,489.86	-	14,489.86
06/01/2019	14,489.86	-	14,489.86
09/01/2019	14,489.86	-	14,489.86
12/01/2019	14,489.86	-	14,489.86
03/01/2020	14,489.86	-	14,489.86
06/01/2020	14,489.86	-	14,489.86
09/01/2020	14,489.86	-	14,489.86
12/01/2020	14,489.86	-	14,489.86
03/01/2021	14,489.86	-	14,489.86
06/01/2021	14,489.86	-	14,489.86
09/01/2021	14,489.86	-	14,489.86
12/01/2021	14,489.86	-	14,489.86
03/01/2022	14,489.86	-	14,489.86
06/01/2022	14,489.86	-	14,489.86
09/01/2022	14,489.86	-	14,489.86
12/01/2022	14,489.85	-	14,489.85
03/01/2023	14,489.85	-	14,489.85
06/01/2023	14,489.85	-	14,489.85
09/01/2023	14,489.85	-	14,489.85
12/01/2023	14,489.85	-	14,489.85
03/01/2024	14,489.85	-	14,489.85
06/01/2024	14,489.85	-	14,489.85
09/01/2024	14,489.85	-	14,489.85
12/01/2024	14,489.85	-	14,489.85
03/01/2025	14,489.85	-	14,489.85
06/01/2025	14,489.85	-	14,489.85
09/01/2025	14,489.85	-	14,489.85
12/01/2025	14,489.85	-	14,489.85
03/01/2026	14,489.85	-	14,489.85
06/01/2026	14,489.85	-	14,489.85
09/01/2026	14,489.85	-	14,489.85

Date	Principal	Coupon	Total P+I
12/01/2026	14,489.85	-	14,489.85
03/01/2027	14,489.85	-	14,489.85
06/01/2027	14,489.85	-	14,489.85
09/01/2027	14,489.85	-	14,489.85
12/01/2027	14,489.85	-	14,489.85
03/01/2028	14,489.85	-	14,489.85
06/01/2028	14,489.85	-	14,489.85
09/01/2028	14,489.85	-	14,489.85
12/01/2028	14,489.85	-	14,489.85
03/01/2029	14,489.85	-	14,489.85
06/01/2029	14,489.85	-	14,489.85
09/01/2029	14,489.85	-	14,489.85
12/01/2029	14,489.85	-	14,489.85
03/01/2030	14,489.85	-	14,489.85
06/01/2030	14,489.85	-	14,489.85
09/01/2030	14,489.85	-	14,489.85
12/01/2030	14,489.85	-	14,489.85
03/01/2031	14,489.85	-	14,489.85
06/01/2031	14,489.85	-	14,489.85
09/01/2031	14,489.85	-	14,489.85
12/01/2031	14,489.85	-	14,489.85
03/01/2032	14,489.85	-	14,489.85
06/01/2032	14,489.85	-	14,489.85
09/01/2032	14,489.85	-	14,489.85
12/01/2032	14,489.85	-	14,489.85
03/01/2033	14,489.85	-	14,489.85
06/01/2033	14,489.85	-	14,489.85
09/01/2033	14,489.85	-	14,489.85
12/01/2033	14,489.85	-	14,489.85
03/01/2034	14,489.85	-	14,489.85
06/01/2034	14,489.85	-	14,489.85
09/01/2034	14,489.85	-	14,489.85
12/01/2034	14,489.85	-	14,489.85
03/01/2035	14,489.85	-	14,489.85
06/01/2035	14,489.85	-	14,489.85
09/01/2035	14,489.85	-	14,489.85
12/01/2035	14,489.85	-	14,489.85
03/01/2036	14,489.85	-	14,489.85
06/01/2036	14,489.85	-	14,489.85
09/01/2036	14,489.85	-	14,489.85
12/01/2036	14,489.85	-	14,489.85
03/01/2037	14,489.85	-	14,489.85
06/01/2037	14,489.85	-	14,489.85
09/01/2037	14,489.85	-	14,489.85

Date	Principal	Coupon	Total P+I
12/01/2037	14,489.85	-	14,489.85
03/01/2038	14,489.85	-	14,489.85
06/01/2038	14,489.85	-	14,489.85
09/01/2038	14,489.85	-	14,489.85
12/01/2038	14,489.85	-	14,489.85
03/01/2039	14,489.85	-	14,489.85
06/01/2039	14,489.85	-	14,489.85
09/01/2039	14,489.85	-	14,489.85
Total	**$1,999,600.00**	**-**	**$1,999,600.00**

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

_____

10/18/04
067740.00013

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

Bank One Center, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

November 30, 2004

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by 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 $1,999,600 Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement dated October 28, 2004, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest. The principal is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2005, and maturing September 1, 2039, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of permanently financing a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage system of the Issuer (the "Project") through the payment in full of the entire outstanding principal of and any interest accrued on the Issuer's Sewerage System Bond Anticipation Notes, Series 1999 A (West Virginia Infrastructure Fund) (the "Notes").

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on October 19, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 19, 2004 (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 and construct the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's First Lien Bonds and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Second Lien Bonds and the Third Lien Bonds, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

7. The Notes have been paid in full in accordance with the terms thereof.

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 in our opinion the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

STEPTOE & JOHNSON PLLC

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

Board of Directors:
John C. Kunkle, *Chairman*
John E. Myers, *Secretary*
Ronald K. Collins, *Treasurer*

William F. Rohrbaugh
General Counsel

November 30, 2004

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to 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 opinions of Steptoe & Johnson PLLC, as bond counsel, a loan agreement dated October 28, 2004, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on October 19, 2004, as supplemented by the Supplemental Resolution duly adopted by the Issuer on October 19, 2004 (collectively, the "Resolution"), 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") of the Issuer. 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 has 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 its terms.

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

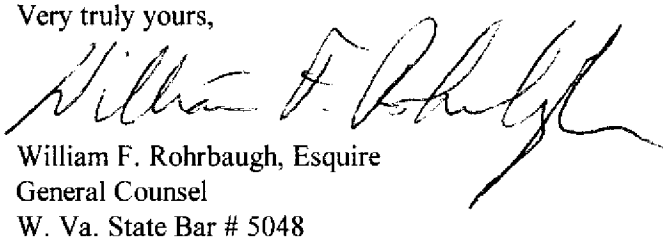
5. The execution and delivery of the Bond and the Loan Agreement and the consummation of the transactions contemplated by the Bond, the Loan Agreement and the Resolution and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of 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 and construction 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 West Virginia Department of Environmental Protection and the 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 Recommended Decision entered on November 8, 2004, in Case No.03-1814-PSD-42A and Case No. 04-1191-PSD-PC, respectively, approving the rates and charges for the System and, approving the payment of the Notes and the permanent financing for the Project. The time for appeal of such Order has not expired on the date hereof. However, the parties to such Order have stated that they do not intend to appeal such Order. Such Order remains in full force and effect.

7. Except as described below, 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 Loan Agreement, the Resolution, the payment of the Notes, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues for the Bonds.

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

Very truly yours,



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

RESERVED

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

On this 30th day of November, 2004, we, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Berkeley County Public Service Sewer District in Berkeley County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 2004 A 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 October 19, 2004, and a Supplemental Resolution of the Issuer duly adopted October 19, 2004 (collectively, the "Bond Legislation"), when used herein.

2. NO LITIGATION: Except as described below, 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 payment of the Notes, the

acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other monies or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the payment of the Notes, the acquisition and construction of the Project, the operation of the System, the pledge or application of monies and security or the collection of the Gross Revenues or the pledge of Net Revenues as security 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 Issuer to satisfy its financial obligations under the Bond Legislation.

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

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

There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2004 A 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 2004 A Bonds as follows:

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

Sewer Revenue Bonds, Series 1996 B (West Virginia SRF Program), dated May 1, 1996, issued in the original aggregate principal amount of $2,628,633 (the "Series 1996 B Bonds")	First Lien
Sewer Revenue Bonds, Series 1996 C (West Virginia SRF Program), dated May 1, 1996, issued in the original aggregate principal amount of $837,579 (the "Series 1996 C Bonds")	First Lien
Sewer Revenue Bonds, Series 1996 D, dated June 15, 1996, issued in the original aggregate principal amount of $4,770,000 (the "Series 1996 D Bonds")	First Lien
Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated June 12, 1997, issued in the original aggregate principal amount of $148,000 (the "Series 1997 A Bonds")	First Lien
Sewer Revenue Bonds, Series 1997 B (West Virginia SRF Program), dated December 11, 1997, issued in the original aggregate principal amount of $1,250,000 (the "Series 1997 B Bonds")	First Lien
Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated October 28, 1999, issued in the original aggregate principal amount of $30,707,296 (the "Series 1999 A Bonds")	First Lien
Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated May 25, 2000, issued in the original aggregate principal amount of $937,500 (the "Series 2000 A Bonds")	First Lien
Sewer Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated March 30, 2001, issued in the original aggregate principal amount of $429,000 (the "Series 2001 A Bonds")	First Lien

Sewer Revenue Bonds, Series 2001 B (West Virginia SRF Program), dated August 7, 2001, issued in the original aggregate principal amount of $2,909,850 (the "Series 2001 B Bonds")	First Lien
Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), dated May 9, 2002, issued in the original aggregate principal amount of $750,000 (the "Series 2002 A Bonds")	First Lien
Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), dated July 11, 2002, issued in the original aggregate principal amount of $456,548 (the "Series 2002 B Bonds")	First Lien
Sewer Revenue Bonds, Series 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
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
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
Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated August 14, 2003, issued in the original aggregate principal amount of $252,922 (the "Series 2003 A Bonds")	First Lien
Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), dated August 14, 2003, issued in the original aggregate principal amount of $330,862 (the "Series 2003 B Bonds")	First Lien

Sewer Revenue Bonds, Series 1990 B, dated May 3, 1990, issued in the original aggregate principal amount of $38,669 (the "Series 1990 B Bonds")	Second Lien
Sewer Revenue Bonds, Series 1994 B, dated December 1, 1994, issued in the original aggregate principal amount of $1,500,000 (the "Series 1994 B Bonds")	Third Lien

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 2003 A Bonds and the Series 2003 B Bonds are hereinafter collectively called the "First Lien Bonds"; the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds"; and the Series 1994 B Bonds are hereinafter called the "Third Lien Bonds." The First Lien Bonds, the Second Lien Bonds and the Third Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2004 A Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds and the Third Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage and parity requirements for issuance of parity bonds of the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met. The Issuer has obtained the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2004 A Bonds on a parity with the First Lien Bonds and the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2004 A Bonds on a senior and prior basis to the Second Lien Bonds. The Issuer has provided written notice to the Holders of the Third Lien Bonds regarding the issuance of the Series 2004 A Bonds on a senior and prior basis to the Third Lien Bonds, there being no consent requirement. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Resolution

Supplemental Resolution

Series 2004 A Bonds Loan Agreement

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Prefiling Notice

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

NPDES Permit

Prior Bond Resolutions

Consent of West Virginia Water Development Authority

Notice to West Virginia Housing Development Fund

Evidence of Insurance

Receipt of Payment of Notes

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Berkeley County Public Service Sewer District." The Issuer is a public service district and public corporation duly created by The County Commission of Berkeley County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
John E. Myers	July 1, 2003	June 30, 2009
John C. Kunkle	July 1, 2004	June 30, 2010
Ronald L. Collins	July 1, 2004	June 30, 2005

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2004 are as follows:

Chairman	-	John Kunkle
Secretary	-	John Myers
Treasurer	-	Ronald L. Collins

The duly appointed and acting counsel to the Issuer is William F. Rohrbaugh, Esquire, Martinsburg, West Virginia.

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

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors were required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable in accordance with the Bond Legislation and

the Loan Agreements. All insurance for the System required by the Bond Legislation and the Loan Agreements is in full force and effect.

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

11. RATES: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on November 8, 2004, in Case No. 03-1814-PSD-42A, among other things, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Order has not expired on the date hereof. The parties to such Order have stated that they do not intend to appeal such Order. The Issuer hereby certifies that it will not appeal such Order. Such rates and charges are currently in effect.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on November 8, 2004, in Case No. 04-1191-PSD-PC, among other things approving the payment of the Note and the permanent financing for the Project. The time for appeal of such Order has not expired on the date hereof. The parties to such Order have stated that they do not intend to appeal such Order. The Issuer hereby certifies that it will not appeal such Order. Such Order remains in full force and effect.

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

14. BOND PROCEEDS: On the date hereof, the Issuer received $1,999,600 from the Council and the Authority, being the entire principal amount of the Series 2004 A Bonds and applied all such proceeds to the payment of the entire outstanding principal of and all interest accrued on the Notes.

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

16. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimens of the Bonds.

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

18. 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 and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Counsel to Issuer

10/18/04
067740.00013

PI

PENTREE, INCORPORATED
CONSULTING ENGINEERS

1428 MAIN STREET
P.O. BOX 1309
PRINCETON, WEST VIRGINIA 24740-1309
TELEPHONE 304-431-7800

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

ENGINEER'S CERTIFICATE

I, John W. Tuggle, Registered Professional Engineer, West Virginia License No. 11845, of Pentree, Incorporated, in Princeton, West Virginia, hereby certify as follows:

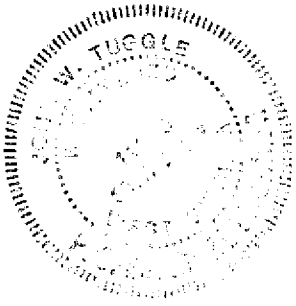
1. My firm was the engineer for the acquisition and construction of certain improvements and extensions, constituting the Inwood Project, Contracts 1-8 (the "Project") to the existing public sewerage system (the "System") of Berkeley County Public Service Sewer District (the "Issuer"), constructed primarily in Berkeley County, West Virginia, which acquisition and construction had been temporarily financed in part by the Issuer's Sewerage System Bond Anticipation Notes, Series 1999 A (West Virginia Infrastructure Fund) (the "Notes"). Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution authorizing the above-captioned bonds (the "Bonds"), adopted by the Issuer on October 19, 2004, and the Loan Agreement for the Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Job Development Council, dated October 28, 2004 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of permanently financing a portion of the costs of acquisition and construction of the Project through the payment in full of the entire outstanding principal of and any interest accrued on the Notes.

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 has been constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Department of Environmental Protection (the "DEP") and any change orders approved by the Issuer, the 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 35 years, excepting anticipated replacements due to normal wear and tear and (iii) attached hereto as Exhibit A is the final amended "Schedule B - Estimated Total Cost of Project, Sources of Funds and Cost of Financing" for the Bonds.

WITNESS my signature and seal on this 30th day of November, 2004.

(SEAL)



PENTREE, INCORPORATED

John W. Tuggle, P.E.
West Virginia License No. 11845

11/19/04
067740.00013

VIEW ENGINEERING

125 West Burke Street
Martinsburg, West Virginia 25401
Tel 304-267-9759 / Fax 304-267-9612
www.view-engineering.com

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

ENGINEER'S CERTIFICATE

I, Martin Kazmierczak, Registered Professional Engineer, West Virginia License No. 15032, of Chester Engineers, Inc, in Martinsburg, West Virginia, hereby certify as follows:

1. My firm was the engineer for the acquisition and construction of certain improvements and extensions, constituting the Opequon Project, Contract No. 9 (the "Project") to the existing public sewerage system (the "System") of Berkeley County Public Service Sewer District (the "Issuer"), constructed primarily in Berkeley County, West Virginia, which acquisition and construction had been temporarily financed in part by the Issuer's Sewerage System Bond Anticipation Notes, Series 1999 A (West Virginia Infrastructure Fund) (the "Notes"). Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution authorizing the above-captioned bonds (the "Bonds"), adopted by the Issuer on October 19, 2004, and the Loan Agreement for the Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Job Development Council, dated October 28, 2004 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of permanently financing a portion of the costs of acquisition and construction of the Project through the payment in full of the entire outstanding principal of and any interest accrued on the Notes.

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 has been constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Department of Environmental Protection (the "DEP") and any change orders approved by the Issuer, the 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 35 years, excepting anticipated replacements due to normal wear and tear and (iii) attached hereto as Exhibit A is the final amended "Schedule B - Estimated Total Cost of Project, Sources of Funds and Cost of Financing" for the Bonds.

WITNESS my signature and seal on this 30th day of November, 2004.

(SEAL)

M. A. KAZMIERCZAK
REGISTERED
15032
STATE OF WEST VIRGINIA
PROFESSIONAL ENGINEER

VIEW Engineering, formerly
CHESTER ENGINEERS, INC.

Martin Kazmierczak
West Virginia License No. 15032

11/19/04
067740.00013

SCHEDULE B

Berkeley County Public Service Sewer Distruct

COST OF PROJECT		TOTAL	IJDC	BCPSSD
1	Construction			
2	Technical Services			
3	Legal & Fiscal			
4	Interim Financing (Restructure 99A BAN)	1,999,600.00	1,999,600.00	
5	Bond Counsel	12,500.00		12,500.00
6	Registrar	500.00		500.00
7	Contingency			
8	TOTAL of Lines 1 through 7	2,012,600.00	1,999,600.00	13,000.00

Berkeley County Public Service Sewer District

11/23/04
Date

Jerry P. Kerr, CPA
Bob Soonthornchai, 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

YHB

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)
Gerald A. Parker, CPA (Retired)

November 30, 2004

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia, entered November 8, 2004, in Case No. 03-1814-PSD-42A, the current operating expenses and current 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 operating expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) (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 on October 19, 2004, 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 issuance of 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.

Very truly yours,

Yount, Hyde & Barbour, P.C.

Yount, Hyde & Barbour, P.C.

50 South Cameron Street
P.O. Box 2560
Winchester, VA 22604
540-662-3417
FAX 540-662-4211

Offices located in: Winchester, Middleburg, Leesburg and Culpeper, Virginia
Member: American Institute of Certified Public Accountants / Virginia Society of Certified Public Accountants

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

On this 30th day of November, 2004, 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 $1,999,600 Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), of the Issuer, dated November 30, 2004 (the "Bonds" or the "Series 2004 A 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 October 19, 2004 (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 November 30, 2004, the date on which the Bonds are being physically delivered in exchange for the entire principal amount of the Series 2004 A 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 Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2004 A Bonds were sold on November 30, 2004, to the Authority, pursuant to a loan agreement dated October 28, 2004, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $1,999,600 (100% of par), at which time, the Issuer received $1,999,600 from the Authority and the Council, being the entire principal amount of the Series 2004 A Bonds. No accrued interest has been or will be paid on the Series 2004 A Bonds.

6. The Series 2004 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of permanently financing a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"), through the payment in full of the outstanding principal of the Issuer's Sewerage System Bond Anticipation Notes, Series 1999 A (West Virginia Infrastructure Fund) (the "Series 1999 A Notes").

7. The acquisition and construction of the Project has been completed.

8 The total cost of refunding of the Series 1999 A Notes and the costs of issuance of the Bonds has been estimated at $2,013,600. Sources and uses of funds are as follows:

SOURCES

Gross Proceeds of the Series 2004 A Bonds	$1,999,600
Funds of the Issuer	13,000
Total Sources	$2,012,600

USES

Payment of Series 1999 A Notes	$1,999,600
Costs of Issuance	$ 13,000
Total Uses	$2,012,600

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2004 A 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 2004 A Bonds Sinking Fund; and

(5) Series 2004 A Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be paid to the Commission for deposit in the Notes Payment Fund to pay in full the entire outstanding principal of and all interest accrued on the Series 1999 A Notes on the date hereof.

11. Monies held in the Series 2004 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2004 A Bonds and will not be available to meet costs of paying the Series 1999 A Notes. All investment earnings on monies in the Series 2004 A Bonds Sinking Fund and Series 2004 A Bonds Reserve Account, if any, 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. Work with respect to the acquisition and construction of the Project has been completed.

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. With the exception of the amount deposited in the Series 2004 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2004 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the payment of the Series 1999 A Notes on the date hereof.

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 permanently 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 Bond proceeds solely for the costs of refunding the Series 1999 A Notes 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 governmental bonds.

23. The Issuer has either (a) funded the Series 2004 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 2004 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2004 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. Monies in the Series 2004 A Bonds Reserve Account and the Series 2004 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 refunding the Series 1999 A Notes.

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 and year first written above.

BERKELEY COUNTY PUBLIC SERVICE
SEWER DISTRICT

Chairman

10/18/04
067740.00013

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, 1979

as the same appears of record in the Office of the said Clerk of the County Court in u
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,

Court Minutes of March 2, 1979 a

IN RE: INSURANCE PROFESSIONAL LIABILITY - SHERIFF'S DEPARTMENT

Mike Berger, Saint Mademoiselle Insurance Firm appeared before the Commission w
Professional Liability Insurance Policy to include the Policing Reserve of the Sheri
[illegible] 79, 2nd annually.
Commissioner Downey moved the Commission cancell the NATIONAL SHERIFFS' ASSOC
Liability policy as of February 28, 1979 at 12:00 Midnight, and adopt the new poli
February 28, 1979 at 12:01 P.M. with Saint Mademoiselle.
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

Georgie Hazard 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 seve
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 encompassed 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 further p
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 d
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
ance 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 SHERLEY MASON APPOINTED AS OFFICE DEPUTY ASSESSOR

Mrs. Helen Vickers appeared before the Commission and sworn in Jenelle Robinson a
Mason as Office Deputy Assessors for the County Assessors Office.

IN RE: APPLICATION OF EDA E. SINE AS NOTARY PUBLIC

Upon the application of Eda E. Sine, of Rt. 1, Box 6-A, Gerrardstown, W. Va., for
ment as Notary Public in and for the County of Berkeley, it was shown to the satisfact
this Court, that said applicant is a resident of the County from which she seeks appo
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 COMPENSATION FOR FENCING FOR P.C. FAULKNER PARK

Commissioner Downey moved the Commission sign the letter from the Park and Rec. B
approving the fencing the Railroad against the County Park.
Commissioner Wright seconded. So ordered.

Mr. J. M. Bennett, Division Manager
Operating Department
Chessie System
Huntington

STATE OF WEST VIRGINIA,
COUNTY OF BERKELEY, } TO WIT:

I, John W. Snell, 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. 15
Dog Tax Fund.....No. 357 - 358
General Co. Fund.....No. 27739 - 27761

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, pursuant 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 owning or having any interest in property in this proposed public service district ha 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, sewer, 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 t 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 Pres

November 21, 1979

In Vacation of Court.

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 "Bice Downey and hereby order that the Court House be closed to business from the end of the day Wednesday, November 21 until the beginning of the work day on Monday, November 26.

This is done is 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.

November 30, 1979

In Vacation of Court.

IN RE: ABSTRACT FROM COMMISSIONER'S ORDERS - SPEED ZONING STUDY

CC
AA
CO
RB
DC
PJ
District Five County Commission Dept. of Public Safety

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

www.berkeleycountycomm.org

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

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 E. Hammond
County Administrator

Doc: myers/ps

Cc: John W. Small, Jr., County Clerk
Walt Sebert
Robert Grove

County Commission of Berkeley County

126 WEST KING STREET
MARTINSBURG, WEST VIRGINIA 25401
PHONE (304) 264-1923

www.berkeleycountycomm.org

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

DEBORAH HAMMOND
COUNTY ADMINISTRATOR

SHERRY A. CAIN
ADMINISTRATIVE SECRETARY

July 8, 2004

John Kunkle
115 Lina Lane
Martinsburg, WV 25401

Dear Mr. Kunkle:

The Berkeley County Commission, at its meeting on July 8, 2004 re-appointed you to serve as a member on the Berkeley County Public Service Sewer District Board effective July 1, 2004. Your term will expire on June 30, 2010.

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 E. Hammond
County Administrator

Doc: kunkle2/ps

Cc: John W. Small, Jr., County Clerk
Charlotte Hollandsworth
Curtis B. Keller, General Manager

County Commission of Berkeley County

126 WEST KING STREET
MARTINSBURG, WEST VIRGINIA 25401
PHONE (304) 264-1923

www.berkeleycountycomm.org

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

DEBORAH HAMMOND
COUNTY ADMINISTRATOR

SHERRY A. CAIN
ADMINISTRATIVE SECRETARY

June 24, 2004

Ronald Collins
637 Braddock Boulevard
Inwood, WV 25428

Dear Mr. Collins:

The Berkeley County Commission, at its meeting on June 24, 2004 appointed you to serve as a member on the Berkeley County Public Service Sewer District Board effective July 1, 2004. Your term will expire on June 30, 2005.

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 E. Hammond
County Administrator

Doc: collins3/ps

Cc: John W. Small, Jr., County Clerk
Charlotte Hollandsworth
Curtis Keller, General Manager

A TRUE COPY
ATTEST
John W. Small, Jr., Clerk
Berkeley County Court
By Cristie K. Moreland
Deputy Clerk

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 MYERS who has been duly RE-APPOINTED to the office of MEMBER OF THE BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT and took and subscribed the following:

I, JOHN 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 MYERS do solemnly swear that I will 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.

TERM EXPIRES JUNE 30, 2009

Given under my hand this 8 day of August, 2003

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 CLARENCE MARTIN who has been duly APPOINTED to the office of MEMBER OF THE BERKELEY COUNTY DEVELOPMENT AUTHORITY and took and subscribed the following:

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

I, CLARENCE MARTIN do solemnly swear that I will faithfully discharge the duties of the office of MEMBER OF THE BERKELEY COUNTY DEVELOPMENT AUTHORITY to the best of my skill and judgment. So help me God.

TERM EXPIRES DECEMBER 31, 2005

Given under my hand this 12TH day of AUGUST, 2003

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 KUNKLE who has been duly REAPPOINTED to the office of MEMBER OF THE BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT BOARD

and took and subscribed the following:

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

I, JOHN KUNKLE do solemnly swear that I will faithfully discharge the duties of the office of MEMBER OF THE BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT BOARD

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

TERM EXPIRES JUNE 30, 2010

John C. Kunkle

Given under my hand this 16 day of July, 2004

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 RONALD COLLINS who has been duly APPOINTED to the office of MEMBER OF THE BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT BOARD and took and subscribed the following:

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

I, RONALD COLLINS do solemnly swear that I will faithfully discharge the duties of the office of MEMBER OF THE BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT BOARD to the best of my skill and judgment. So help me God.

TERM EXPIRES JUNE 30, 2005

Ronald L Collins

Given under my hand this 8th day of July, 2004

Clerk of the County Court of Berkeley County.

A TRUE COPY
ATTEST
John W. Small, Jr., Clerk
Berkeley County Court
By Cristi K. Moreland
Deputy Clerk

BERKELEY COUNTY, WV
FILED
August 18, 2004 12:35:04

JOHN W. SMALL JR.
COUNTY CLERK
TRANSACTION NO: 2004028213

OATH BOOK
Book: 00004 Page: 00002

Received Time Oct. 14. 10:24AM

RULES OF PROCEDURE

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: BERKELEY COUNTY PUBLIC SERVICE DISTRICT.

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

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

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

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

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

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

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

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

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

PUBLIC NOTICE OF MEETINGS

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

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Berkeley County Courthouse and at such other places fixed for regular meetings of the Public Service Board of the date, time and place or places fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Berkeley County Courthouse and at such other places fixed for regular meetings of the Public Service Board not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Vice-Chairman, a Secretary, a Parliamentarian and a Treasurer, all of whom shall be elected from the members of the Public Service Board. In addition, the Board may employ a recording secretary and a staff treasurer, who may perform the day-to-day duties regularly performed by the Secretary and Treasurer. Such individuals shall not be members of the Board.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Vice-Chairman shall, in the absence of the Chairman, preside as Chairman at all meetings of the Public Service Board. In the event of the incapacitation or unavailability of the Chairman, the Vice-Chairman is authorized to exercise all powers of the Chairman as have been conferred by the Board, by these Rules of Procedure, or as prescribed by law.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. The Parliamentarian shall monitor and advise the Public Service Board on parliamentary rules and procedures. The Parliamentarian shall also perform such other duties as may be conferred from time to time by the members of the Board or these Rules of Procedure.

Section 5. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him or her and

shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He or she shall perform such other duties as may be required of him or her by law or as may be conferred upon him or her by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 6. If the Vice-Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 3rd day of July, 2001.

06/29/01
067740.99004

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT INWOOD SEWER PROJECT - PHASE I

Notice is hereby given pursuant to the requirements of W.Va. Code 16-13A-25 and 24-2-11 of the intent of the Berkeley County Public Service Sewer District, a public corporation, to file an application for a Certificate of Public Convenience and Necessity to provide sewer service to certain customers, including residences and businesses, located in the Inwood area of Berkeley County and upgrade existing sewer service to residential and business customers located in the Opequon/Hedgesville area of Berkeley County.

In the Inwood area, the project shall consist of the installation of approximately 50 miles of sewer lines, ranging up to 36 inches in diameter, and construction of a 750,000 gallon (per day) Sequencing Batch Reactor ("SBR") wastewater treatment plant. The proposed SBR treatment plant and sewer lines in the Inwood area will provide service to approximately 1,900 customers.

In the Opequon/Hedgesville area, the project shall consist of the replacement of up to 2,000 feet of influent sewer line and the conversion and expansion of the existing Opequon/Hedgesville wastewater treatment plant with a 1.6 million gallon (per day) SBR wastewater treatment plant. The replacement sewer line an SBR wastewater treatment plant. The replacement sewer line and SBR wastewater treatment plant to be constructed in the Opequon/Hedgesville area will upgrade sewer service to existing customers.

The total project cost is estimated not to exceed $35,000,000.00 and will be permanently financed as follows: State Revolving Fund loan in an amount not to exceed $25,000,000.00, at an interest rate not to exceed 3% per annum, plus an administrative fee not to exceed 1% per annum, over a term of up to 40 years; a West Virginia Jobs and Infrastructure Council bond anticipation note in an amount not to exceed $8,000,000.00, at 0% interest for a term of up to twenty (20) years; and a Small Cities Block Grant in an amount not to exceed $2,000,000.00. Construction will be temporarily financed with a credit line of up to $3,500,000.00, at an interest rate not to exceed 6.0%, per annum.

The rates to be changed to all customers upon completion of the project shall be a follows:

CHARGES:

Volumetric Charge: Not to exceed $7.70 per 1,000 gallons usage

Service Charge: $5.35 per month (existing rate)

Flat Rate: Not to exceed $40.00 per month, based on 4,500 gallons average monthly consumption

A formal application for a Certificate of Convience and Necessity and for approval of financing and rates will be filed with the Public Service Commission on or after January 15, 1999.

Anyone desiring to protest the application should do so within thirty (30) days, in writing, briefly stating the reason for the protest and addressing the same to Executive Secretary, West Virginia Public Service Commission, P.O. Box 812, Charleston, WV 25323. If no protest is received within thirty (30) days, the Commission may waive formal hearing and grant the application based on the evidence submitted with the application.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Certificate of Publication

This is to certify the annexed advertisement

McDeer Highland McMann
BC Pub Sec Sewer District
Inwood Sewer Proj - Phase I

appeared for 2 consecutive days/weeks in The Journal Publishing Company, a newspaper published in the City of Martinsburg, WV in its issue beginning:

12/9

and ending

12/16

The Journal
207 W. King Street
Martinsburg, WV 25401

Fee $ 96.71

THE STATE OF WEST VIRGINIA
COUNTY OF BERKELEY

The foregoing instrument was acknowledged before me this 12/16/98 by

J. DiBartolomeo

My commission expires 8/14/05

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SANDRA B. SPERRY
ROUTE 4, BOX [illegible]
HEDGESVILLE, WV [illegible]
My Commission Expires August 14, 2005

REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

MEETING ATTENDEES:

Board Members

John E. Myers, Secretary

John C. Kunkle, Treasurer

Staff Members

Curtis B. Keller, General Manager

Will Rohrbaugh, General Counsel

Gene DeLawder, Fiscal Officer

Gina Keller, HR Director

Guests

Mike Wiltshire – Homeowner – Southern Cross

Kerry Harshman - Homeowner-Southern Cross

Mr. and Mrs. John Rosenkranz – Homeowner – Peach Manor Estates

William Thodus – Homeowner – Bunker Hill

James Harrelson – Homeowner – Chenoweth subdivision

Karen Wood – District employee

Marty Kazmierczak – View Engineering

Beth Henry – Journal Reporter

The June 29, 2004 Regular Meeting of the Board of Directors of the Berkeley County Public Service Sewer District was called to order by Treasurer John C. Kunkle at 7:10 p.m. Roll call.

Mr. Myers:

Motion to elect John C. Kunkle as Chairman of the Board of Directors of the Berkeley County Public Service Sewer District.

Mr. Kunkle:

Second.

Mr. Kunkle:

All in favor? Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Kunkle:

Motion to have John E. Myers remain as Secretary of the Board. Election of officers for Secretary and Treasurer will be delayed until Ronald Collins term becomes effective July 1, 2004.

Mr. Myers:

Second.

Mr. Kunkle:

All in favor? Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Kunkle requested that for future meetings, all Motions and Assignments be transcribed from actual meeting recordings. General Manager is to make this available for the next regular meeting.

Mr. Myers:

Motion to approve the Agenda as presented and the Packet in its entirety.

Mr. Kunkle:

Second.

Mr. Kunkle:

All in favor? Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Myers:

Motion to approve the Minutes of the June 15 and June 22, 2004, meetings of the BCPSSD.

Mr. Kunkle:

Second.

Mr. Kunkle:

All in favor? Aye.

Mr. Myers:

Aye.

Motion carried.

PUBLIC COMMENTS

James Harrelson – Has a situation with tap location being in a rock ledge on his property. Has filed a formal complaint with the PSC. It was decided that no further action would be taken by BCPSSD until the PSC representative investigated and made a determination.

William Thodus – Claims his house has suffered damage due to blasting. His foundation is on a rock ledge. General Counsel had sent a letter to D&M attorney with a copy to Mr. Thodus. GTI (D&M's blasting subcontractor) was to turn the matter over to a blasting engineer. Mr. Thodus has received no further contact; General Counsel to follow up and get meeting scheduled. Mr. Thodus stated that his private homeowner's insurance company investigated and denied the claim stating that damage was due to settling.

Mercy Rosenkrantz – 18 Peachtree Lane – had concerns about road conditions in Peach Manor Estates. Claims that damage was done from contracting vehicles. Stated that Wayne Martin, president of the homeowner's association was assured that it would be fixed.

Kerry Harshman – Filed a complaint about her driveway. Said has spent money to have it fixed. Was advised to submit receipts for the work. Also had questions about tap being placed in a rock break on a separate property she owned. Had heard from the Water Company that District was to blast 5 feet around tap location. Wanted to know if it was possible to relocate line.

Mike Wiltshire – Waiting on drainage ditches and roads to be fixed in Peach Manor Estates.

PROJECTS

Staff updated the BOD on Inwood Phase 2A. Provided financial summary and discussed the results with the BOD's. Discussion on status of complaints and restoration on Inwood Phase 2A was held. Staff has been working to bring resolution to restoration complaints and will be sending letters to property owners on status of restoration. Also confirmed meeting with Woolpert, LLC on July 20, 2004, to discuss North Berkeley Project.

Mr. Myers:

Motion to approve the Financials and Payroll as presented.

Mr. Kunkle:

Second.

Mr. Kunkle:

All in favor? Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Kunkle:

Motion to accept General Manager's recommendation to approve SRF Payment Requisition #19 in the amount of $967,918.42. Total amount consists of $816,104.00 to APAC-VA for Contract 7A; $103,528.78 to D&M Contracting for Contract 7B; $4,393.30 Alvarez Contractors for Contract 8; $7,037.64 to View Engineering; $36,855.00 to reimburse the District for inspections.

Mr. Myers:

Second.

Mr. Kunkle:

All in favor? Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Kunkle:

Motion to approve and sign the audit engagement letter for FY 2004 with Yount, Hyde and Barbour.

Mr. Myers:

Second.

Mr. Kunkle:

All in favor? Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Myers:

Motion to enter Executive Session to discuss legal, contractual and personnel issues.

Mr. Kunkle:

Second.

Mr. Kunkle:

All in favor? Aye.

Mr. Myers:

Aye.

Motion carried.

Into Executive Session at 8:55 p.m.

Mr. Kunkle:

Motion to come out of Executive Session.

Mr. Myers:

Second.

Mr. Kunkle:

All in favor? Aye.

Mr. Myers:

Aye.

Motion carried.

Out of Executive Session at 12:05 a.m.

Mr. Kunkle:

Motion to approve General Counsel's recommendation to renew insurance policy for FY 2005 with the Board of Risk and Insurance Management.

Mr. Myers:

Second.

Mr. Kunkle:

All in favor? Aye.

Mr. Myers:

Aye.

Motion carried.

Mr. Myers:

Motion to adjourn.

Mr. Kunkle:

Second.

Mr. Kunkle:

All in favor? Aye.

Mr. Myers:

Aye.

Motion carried.

Meeting adjourned at 12:10 a.m.

June 29, 2004 Regular Meeting of the

Board of Directors of the Berkeley County PSSD

Date Minutes Signed: _____

_____

John C. Kunkle
Chairman

_____

John E. Myers
Secretary

REGULAR MEETING OF THE

BOARD OF DIRECTORS OF THE

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

JANUARY 13, 2004

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

Will Rohrbaugh, General Counsel

Guests

Larry Johnson, Chester Engineers

Marty Kazmierczak, Chester Engineers

The January 13, 2004 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. Roll call. Mr. Grove welcomed Mr. Johnson and Mr. Kazmierczak to the meeting.

Mr. Myers:

Motion to approve the Agenda as presented and the Packet in its entirety.

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 16, 2003 as presented.

Mr. Kunkle:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Myers:

Aye.

Mr. Kunkle:

Aye.

Motion carried.

Mr. Myers:

Election of Officers for 2004. Motion to approve the same slate of officers for the Berkeley County PSSD for 2004 as follows:

Robert L. Grove, Sr., Chairman

John E. Myers, Secretary

John C. Kunkle, Treasurer

Mr. Kunkle:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Myers:

Aye.

Mr. Kunkle:

Aye.

Motion carried.

Mr. Kunkle and Mr. Myers thanked Mr. Grove for accepting the position as Chairman for another year and said how appreciative and proud they were of the job everyone is doing in the District.

Mr. Kunkle:

Motion to approve the 2004 Holiday Schedule for Employees of the BCPSSD as presented.

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Myers:

Aye.

Mr. Kunkle:

Aye.

Motion carried.

PUBLIC COMMENTS:

None

PROJECTS

Walt Sebert reviewed and discussed the management reports and the projects. Marty Kazmierczak reported on the status of the contractors for Inwood Phase II. Curtis Keller reviewed the General Manager's report with the Board. Will Rohrbaugh discussed other projects and status of legal cases on-going with the District.

Mr. Kunkle:

Motion to approve the Financials and Payroll as presented.

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Myers:

Aye.

Mr. Kunkle:

Aye.

Motion carried.

Mr. Kunkle:

Motion to approve SRF Requisition #15 for the Inwood Phase IIA project, as follows:

Contract 1 – Alvarez Contractors	*$ 6,023.29*	
Contract 4A – Alvarez Contractors	*$119,072.35*	
Contract 5B – D.L. Morgan Contractors	*$144,836.09*	
Contract 7A – APAC – Virginia	*$116,401.76*	
Contract 7B – D&M Contracting	*$145,896.49*	
Contract 8 – Alvarez Contractors	*$ 7,117.60*	
		$539,347.58
Chester Engineers	*$105,549.83*	
Total Requisition		*$644,897.41*

Mr. Myers:

Second.

Mr. Grove:

All in favor? Aye.

Mr. Myers:

Aye.

Mr. Kunkle:

Aye.

Motion carried.

No Executive Session was called.

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.

Minutes of the January 13, 2004 Regular Meeting
Berkeley County Public Service Sewer District

Date Minutes Signed: 2/10/04

Robert L. Grove, Sr.
Chairman

John C. Kunkle
Treasurer

John E. Myers
Secretary

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
65 DISTRICT WAY
MARTINSBURG, WEST VIRGINIA 25401

MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING
JULY 27, 2004

Members Present:

Chairman John C. Kunkle
Secretary John E. Myers
Member Ronald Collins

Members Absent:

Staff Members Present:

General Manager Curtis B. Keller
General Counsel Will Rohrbaugh
Fiscal Officer Gene DeLawder

Also Present:

Mike Wiltshire, Homeowner, Southern Cross
Neville and Joyce Leonard, Homeowners, Speaks Subdivision
Kerry Harshman, Homeowner, Southern Cross
Michelle Hoffman, Homeowner, Southern Cross
Mr. & Mrs. Fred Stemple, Homeowner, Speaks Subdivision
Babulal Pragani, Homeowner, Speaks Subdivision
William Thodos, Homeowner, Southern Cross
Annette Schmidt, Homeowner, Southern Cross
Marty Kazmierczak, View Engineering
Scott Recinos, View Engineering
Larry Johnson, View Engineering
Charles Printz, Attorney, Bowles, Rice, McDavid, Graff and Love

CALL TO ORDER

Chairman John C. Kunkle called the Regular Meeting of the Board of Directors of the Berkeley County Public Service Sewer District to order at 7:10 p.m. Roll call was taken at that time. Chairman Kunkle welcomed everyone to the meeting.

APPROVAL OF AGENDA AND PACKET

Motion made by Secretary Myers, seconded by member Collins, to approve the agenda and packet in its entirety.

Unanimously approved.

ELECTION OF OFFICER

Motion made by Secretary Myers, seconded by member Collins, for Ronald Collins to fill vacant opening of Treasurer of the BOD. The position was vacated when John C. Kunkle assumed the Chairman's role.

Unanimously approved.

READING, CORRECTION AND APPROVAL OF MINUTES

Motion made by Treasurer Collins, seconded by Secretary Myers, to approve and adopt the minutes as written for June 29, 2004, July 6, 2004 and July 12, 2004.

Unanimously approved.

CITIZEN PARTICIPATION

Mrs. Joyce Leonard, representing the Howard Speaks Subdivision Homeowner's Association, appeared at the meeting to inquire about the mainline extension in that area. She asked when it was scheduled to begin, and gave some background on the project. She stated that the Homeowner's Association had made a $40,000 deposit towards the construction as required. Chairman Kunkle explained that the BOD had discussed the project and Mr. Keller explained the history of the project from the District's perspective.

It was recommended that a letter of commitment be sent to the Homeowner's Association stating that the District will use their forces to install the line in hopes of completion by the end of 2004. They will be kept abreast of contingencies. The project is tentatively scheduled to begin in September 2004. The Homeowner's Association will deposit the remaining amount required by the District.

Mr. Mike Wiltshire of Southern Cross inquired about restoration and road repairs in that area. The BOD informed him that the contractor had until July 30, 2004 to take action before the District would take action on unresolved complaints.

Ms. Michelle Huffman appeared to inquire about a letter she had sent to the District regarding yard and driveway restoration on her property. Mr. Keller is to check about the status of her letter.

PROJECTS

Mr. Keller updated the BOD on the status of the remaining contractors associated with the Inwood Phase 2A.

READING, CORRECTION AND APPROVAL OF FINANCIALS / PAYROLL

Motion made by Secretary Myers, seconded by Treasurer Collins, to approve the Financial and Payroll records as presented.

Unanimously approved.

PROPOSAL OF CHANGE TO CHECK PROCESSING PROCEDURE

Mr. DeLawder explained the proposed change in payable check processing recommended by Steve Spitzer of Yount, Hyde and Barbour. The BOD discussed the requirements and Chairman Kunkle discussed steps #6 and #8 on the processing procedure. Chairman Kunkle suggested that a bi-weekly statement be utilized in regards to verification of the checks processed through the check-signing machine.

Mr. Printz stated that a past problem was individuals overriding the control. He suggested that job descriptions be amended to include the new job duties and that the entire policy, not just portions, be reiterated.

A written policy should be developed for the next BOD meeting to include all suggested changes. Chairman Kunkle emphasized that all invoicing should be centralized with the Fiscal Officer, and that no summary statements will be accepted; all detail should be included.

EXECUTIVE SESSION

Motion made by Secretary Myers, seconded by Treasurer Collins, to enter Executive Session at 8:10 p.m. to discuss a personnel matter, criminal investigation and other legal and contractual matters.

Unanimously approved.

The following individuals participated in all or part of Executive Session discussions.

Chairman John C. Kunkle
Secretary John E. Myers
Treasurer Ronald Collins
General Manager Curtis B. Keller
General Counsel Will Rohrbaugh
Larry Johnson - View Engineering
Scott Recinos - View Engineering
Marty Kazmierczak - View Engineering
Charles Printz - Bowles, Rice, McDavid, Graff & Love

Motion made by Secretary Myers, seconded by Treasurer Collins, to exit Executive Session at 11:10 p.m.

Unanimously approved.

ADDITIONAL MOTIONS

Motion made by Secretary Myers, seconded by Treasurer Collins, to take Mr. Keller's recommendation to submit capital asset data for inclusion into the Rule 42 rate increase case.

Unanimously approved.

Motion made by Secretary Myers, seconded by Treasurer Collins to take Mr. Keller's recommendation to sign the authorizing SRF resolution designating Chairman Kunkle as the District's authorized representative for such matters.

Unanimously approved.

Motion made by Secretary Myers, seconded by Treasurer Collins to take Mr. Rohrbaugh's recommendation to send a letter to View Engineering regarding an agreement to share in the potential settlement with Alex Paris and D&M Contracting in the clean out litigation. The agreement calls for a 50/50 split of the $213,950.00 settlement with View also paying up to $7,500.00 of legal expenses and fees.

Unanimously approved.

Motion made by Secretary Myers, seconded by Treasurer Collins, to table taking action on personnel matter discussed in Executive Session.

Unanimously approved.

OLD BUSINESS / NEW BUSINESS

Mr. Keller reported on a recent meeting with Water District Manager Paul Fisher, and stated that the quarterly joint Board of Directors meeting with the Water Board is scheduled for Monday, August 16, 2004 at 5:00 p.m. at the Water District office.

The BOD and staff discussed scheduling a meeting with Woolpert, LLC to receive an update on the North Berkeley project.

The BOD and staff discussed requesting a 30-day extension in the Rule 42 Rate Case. The extension is based on additional cost data that was derived in July. PSC staff has indicated the rate would increase 13% with the additional items included.

Mr. Keller mentioned to the BOD about making changes to the current meeting minutes format and also changing the seating for the meetings to be more accommodating to everyone.

Treasurer Collins inquired about assisting the Board of Education with the new school located in Gerrardstown. He was wondering about the possibility of a line extension in lieu of a package treatment plant. Mr. Keller stated the District is working with Don Zepp and the Board of Education, and would check into the feasibility of the line extension.

ADJOURNMENT

Motion made by Secretary Myers, seconded by Treasurer Collins, to adjourn the meeting at 11:40 p.m.

Unanimously approved.

July 27, 2004 Regular Meeting of the

Board of Directors of the Berkeley County PSSD

Date Minutes Signed: August 10, 2004

John C. Kunkle
Chairman

John E. Myers
Secretary

Ronald Collins
Treasurer

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Berkeley County Public Service Sewer District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Berkeley County Public Service Sewer District met in regular session, pursuant to notice duly posted, on the 19th day of October, 2004, in Martinsburg, West Virginia, at the hour of 7:30 p.m.

PRESENT:	John C. Kunkle	-	Chairman and Member
	John E. Myers	-	Secretary and Member
	Ronald L. Collins	-	Treasurer and Member
ABSENT:	None.		

John C. Kunkle, Chairman, presided, and John W. Myers, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE PAYMENT OF THE SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND THE PERMANENT FINANCING OF THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,999,600 IN AGGREGATE PRINCIPAL AMOUNT OF

SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND); 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 AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

*** *** ***

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

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Berkeley County Public Service Sewer District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 30th day of November, 2004.

Secretary

10/18/04
067740.00013

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

NEW ISSUE REPORT FORM

Date of Report: November 30, 2004

(See Reverse for Instructions)

ISSUE: Berkeley County Public Service Sewer District, Sewer Revenue Bonds Series 2004 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 944, Martinsburg, WV 25402 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: ____ Refunding: X REFUNDS ISSUE(S) DATED: October 28, 1999

ISSUE DATE: November 30, 2004 CLOSING DATE: November 30, 2004

ISSUE AMOUNT: $1,999,600 RATE: 0%

1ST DEBT SERVICE DUE: June 1, 2005 1ST PRINCIPAL DUE: June 1, 2005

1ST DEBT SERVICE AMOUNT: $ 14,489.86 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esq.
Phone: 304.624.8161

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esq.
Phone: 304.340.1318

CLOSING BANK: N/A
Contact Person: ____
Phone: ____

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Curtis Keller, MBA
Position: General Manager
Phone: 304.263.8566 (ex. 123)

OTHER: WV Infrastructure and Jobs Development Council
Contact Person: Katy Mallory, P.E.
Function: Executive Secretary
Phone: 304.558.4607

DEPOSITS TO MBC AT CLOSE:
By: X Wire
____ Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
____ Reserve Account: $____
X Other: $ $1,999,600) (See Notes below)

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES: To pay in full the Issuer's Sewerage System Bond Anticipation Notes, Series 1999 A (West Viriginia Infrastructure Fund).

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 warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specificed by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

RESERVED

RESERVED

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund),

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 the single, fully registered Sewer Revenue Bond, Series 2004 A (West Virginia Infrastructure Fund), of the Issuer, dated November 30, 2004, in the principal amount of $1,999,600, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 30th day of November, 2004.

THE HUNTINGTON NATIONAL BANK

Its: Authorized Officer

10/15/04
067740.00013

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 30th day of November, 2004, 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 $1,999,600 Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) dated November 30, 2004, in fully registered form (the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted October 19, 2004, and the Supplemental Resolution of the Issuer duly adopted October 19, 2004 (collectively, the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Berkeley County Public Service Sewer District
Post Office Box 944
Martinsburg, West Virginia 25401
Attention: Chairman

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attn: Trust Officer

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

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

BERKELEY COUNTY PUBLIC SERVICE
SEWER DISTRICT

Chairman

THE HUNTINGTON NATIONAL BANK

By:
Its: Authorized Officer

10/15/04
067740.00013

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 633 WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF TRUSTEE'S FEES
Invoice Date November 30, 2004

Berkeley County Public Service Sewer District
Account Number 6089001809

Berkeley County Public Service Sewer District
Sewer Revenue Bond, Series 2004 A
C/O John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR November, 2004

****

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.

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER AND WASTE MANAGEMENT
414 SUMMERS STREET, SECOND FLOOR
CHARLESTON, WV 25301

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0082759
SUBJECT: Sewage

ISSUE DATE: August 22, 2003
EFFECTIVE DATE : September 21, 2003
EXPIRATION DATE: June 30, 2008
SUPERSEDES: Permit No. WV0020061 dated April 04, 1997; Permit No. WV0082759 dated April 22, 1996

LOCATION: MARTINSBURG (City) Berkeley (County) Potomac River Drains (Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: BERKELEY COUNTY PSSD
PO BOX 944
MARTINSBURG, WV 25402

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:
Operate and maintain three (3) sewage collection and treatment systems described as follows:

OPEQUON/HEDGESVILLE PLANT
Operate and maintain an existing 1.6 MGD sewage collection and treatment system consisting of various sizes and lengths of gravity sewer line, approximately 1200 manholes, 37 lift stations, various sizes and lengths of sewer force main, and a sequential batch reactor (SBR) sewage treatment facility consisting of a bar screen, a cylindrical fine screen, an aerated grit channel, two (2) 670,200 gallon reactor basins, a two-meter belt press, a 195,000 gallon aerobic digestor, 26,000 gallon post aeration unit, 300,000 gallon post-equalization basin, an open-channel ultraviolet light disinfection unit, and other necessary appurtenances.
The Opequon/Hedgesville treatment plant is designed to serve approximately 22,900 persons or equivalents in the Opequon/Hedgesville area of the Berkeley County PSSD and discharges treated and disinfected wastewater to Eagle Run of Opequon Creek of the Potomac River (Outlet 001).

INWOOD PLANT
Operate and maintain an existing 0.75 MGD sewage collection and treatment system consisting of various sizes and lengths of gravity sewer line, approximately 2500 manholes, 26 lift stations, various sizes and lengths of force main, and a sequential batch reactor (SBR) sewage treatment facility consisting of a bar screen, a vortex grit removal unit, two (2) 404,500 gallon reactor basins, a two-meter filter belt press, a 250,000 gallon aerobic digestor, a sludge holding basin, an ultraviolet light disinfection unit, and other necessary appurtenances.
The Inwood treatment system is designed to serve 10,700 persons or equivalents in the Inwood area of the Berkeley County PSSD and discharges treated and disinfected wastewater to Opequon Creek (23.1 miles from its mouth) of the Potomac River (Outlet 002).

BAKER HEIGHTS PLANT
Operate and maintain an existing 0.900 MGD sewage collection and treatment system consisting of various sizes and lengths of gravity sewer line, 740 manholes, 22 lift stations, various sizes and lengths of force main, and a

sequential batch reactor (SBR) sewage treatment facility consisting of a mechanical bar screen, grit removal unit, two (2) 650,000 gallon reactor basins, a 327,000 gallon aerobic digestor, a two meter filter belt press, chlorine disinfection with two (2) 86,000 gallon chlorine contact tanks, a dechlorination unit, cascade-type post aeration, and other necessary appurtenances.
The Baker Heights treatment system is designed to serve 9,000 persons or equivalents in the Baker Heights area of the Berkeley County PSSD and discharges treated and disinfected wastewater to an unnamed tributary of Opequon Creek of the Potomac River (Outlet 003).

Also, to operate and maintain a sewage collection system only. The collection system is designed to collect and convey wastewater to the City of Martinsburg sewage collection and treatment system for ultimate treatment and discharge.

This permit is subject to the following terms and conditions :
The information submitted on and with Permit Application No. WV0082759 received the 16th day of October 2002, is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D,E and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

Permit No. : WV0082759

Inspectable Unit	Latitude	Longitude	Receiving Stream	Dist. to Stream Mouth (in Mile)	Milepost
001	39°28'00"	77°56'10"	EGLE RN	0.5	N/A
002	39°21'11"	77°58'05"	OPEQUON CK	23.1	N/A
003	39°25'00"	77°55'57"	Unnamed Tributary Of OPEQUON CK	0.15	N/A
101	39°28'00"	77°56'10"	N/A	N/A	N/A
IU01	39°28'00"	77°56'10"	N/A	N/A	N/A
IU02	39°28'00"	77°56'10"	N/A	N/A	N/A
IU03	39°28'00"	77°56'10"	N/A	N/A	N/A
IU04	39°28'00"	77°56'10"	N/A	N/A	N/A
IU05	39°28'00"	77°56'10"	N/A	N/A	N/A
IU06	39°28'00"	77°56'10"	N/A	N/A	N/A
IU07	39°28'00"	77°56'10"	N/A	N/A	N/A
IU08	39°28'00"	77°56'10"	N/A	N/A	N/A
IU09	39°28'00"	77°56'10"	N/A	N/A	N/A
IU10	39°28'00"	77°56'10"	N/A	N/A	N/A
IU11	39°28'00"	77°56'10"	N/A	N/A	N/A
IU12	39°28'00"	77°56'10"	N/A	N/A	N/A
S01	39°28'00"	77°56'10"	N/A	N/A	N/A
S02	39°21'11"	77°58'05"	N/A	N/A	N/A
S03	39°25'00"	77°55'57"	N/A	N/A	N/A

Division of Water and Waste Management
414 Summers Street, Second Floor
Charleston, West Virginia 25301
Phone (304) 558-4086
Fax (304) 558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Stephanie R. Timmermeyer
Cabinet Secretary

August 22, 2003

WALT SEBERT
BERKELEY COUNTY PSSD
PO BOX 944
MARTINSBURG, WV 25402

CERTIFIED RETURN RECEIPT REQUESTED

Dear Permittee:

Enclosed please find WV/NPDES Permit Number WV0082759 dated August 22, 2003.

The Division wishes to address the specific issues raised in the comment letter submitted by the Berkeley County PSSD on the 1st day of July 2003 and by the recommendations requested by the USEPA by its letter received the 16th day of July 2003. We wish to address your comments in the same paragraph order as they were provided.

Comment No. 1 : Request to assign seasonal effluent limitations

The Division has examined your request for seasonal effluent limitations. The ammonia limitations for these three facilities are WQBELs developed to protect the un-ionized ammonia water quality standards which is the most stringent to protect the water quality standards. The instream waste concentrations for the Opequon/Hedgesville and Baker Heights plant are 95.38% and 100% and because the IWCs exceed 80%, the ammonia limits established are water quality at the point of discharge. Winter flow increases do not reach a level to gain complete mix status and to allow increases in available dilution. Also, the Inwood plant ammonia limitations are based upon default acute and chronic mixing zone dilutions of 3 and 5 respectively. Therefore, increased winter flows have no impact upon winter ammonia limit development. However, the Division has examined the ambient instream temperatures and have recalculated winter ammonia nitrogen limitations assuming an 18 degree Celcius ambient winter stream temperature. The new winter effluent limitations for ammonia nitrogen have been incorporated into the permit.

Comment No. 2 : Request to review monitoring frequencies for effluent testing and sludge testing also

It is the current policy of the Division that at a minimum quarterly monitoring of the 10 metals (plus phosphorus in BCPSSD's case) for major treatment facilities be imposed. Also, because a zinc effluent limitation was imposed, a monthly sampling frequency is required. Therefore, no changes have been made to the effluent monitoring frequencies as far as the Opequon/Hedgesville plant. The Inwood plant is still a minor facility, although we have obtained effluent sampling for the 10 metals and instream ambient sampling and completed reasonable potential assessments. The current policy for minors is to deal only with the parameters copper, lead, and zinc and require quarterly monitoring. Therefore, we are eliminating the sampling for the other metal parameters except copper, lead, zinc, and phosphorus. The Baker Heights plant has not went through the reasonable potential assessment procedures and, therefore, no changes will currently be made to the Baker Heights effluent limitations for metals. Also, because the Baker Heights and

Inwood facilities are currently considered minor facilities, the sewage sludge monitoring frequency shall be changed from quarterly to 1 every six months.

Comment No. 3 : Request to remove monitoring requirements for metal parameters not exhibiting reasonable potential to violate WQS

Please see the response to Comment No. 2 above.

Comment No. 4 : Request to review operator certification requirements for each facility

The Division has changed the operator certification for each plant to Class II in Section C.3 of the permit. However, because of the changes made at the Opequon/Hedgesville plant and the new Inwood facility completion, the PSSD should immediately contact Jeff Smith of the WV Bureau for Public Health at (304) 558-6722 in order to verify that the classifications for these plants are correct.

Comment No. 5 : Request to review the indirect discharge outlet no. 101 from the Ecolabs pretreatment facility

Discharge Outlet No. 101 is the treated discharge from the Ecolabs pretreatment facility. This facility to our knowledge is owned and operated by the BCPSSD. Therefore, we have identified this as an internal outlet instead of an indirect industrial user discharge. No changes have been made upon this request. Also, we would clarify that the requirements for Outlet IU09 are for the flows coming from Ecolab prior to the District's pretreatment facility.

Comment No. 6 : Request to add pretreatment terms and conditions to the draft to address the discharges from the Veterans Hospital and the Virginia Honey facilities

The Division currently does not have the necessary information to add specific terms and conditions to the permit for these industrial users. Therefore, no changes have been made to permit concerning this issue. However, this in no way prevents the PSSD from taking its own steps to correct the problems being claimed. Should the PSSD wish to include these users in the permit, a pretreatment modification including more specific information needs to be submitted.

Comment No. 7 : Whole effluent toxicity testing requested by the USEPA

The USEPA has requested that whole effluent toxicity (WET) monitoring be imposed in compliance with 40 CFR 122.21 (j.). Therefore, we have added a cycle of acute and chronic WET sampling and limitations to the effluent requirements of Outlet No. 001 since the Opequon/Hedgesville facility is now identified as a major facility. Also, the toxicity testing and monitoring requirements are explained further in Section C.17 incorporated in the permit.

Comment No. 8 : Addition of mass limitations for BOD and TSS requested by the USEPA

The USEPA has requested the imposition of mass limitations for BOD and TSS in order to comply with 40 CFR 122.45 (f). Therefore, mass limitations have been added to the BOD and TSS parameters for Outlets 001, 002, and 003.

Please note that a Discharge Monitoring Report (DMR) is to be completed and submitted to this Division each month. It is suggested that several copies of the enclosed DMR forms be made for your future use, as this Division does not supply permittees with DMR forms.

Finally note that copies of all future correspondence regarding the permit including copies of DMRs must be forwarded to the Field Inspector and Field Supervisor at the following address:

Department of Environmental Protection
Environmental Enforcement
1 Depot Street
Romney, WV 26757

Also, please note the attachment to this permit which describes the annual permit fee requirement. Reissuance of your permit does not change the annual fee billing cycle.

If you have any questions, please contact Bob Bates of this Division at (304) 558-4086 or our TDD number (304) 558-2751.

Sincerely,

Allyn G. Turner
Director

AGT:bb

Enclosures

PRIOR BOND RESOLUTIONS - ON FILE WITH ISSUER

a. Series 1986 B Bond Resolution (See that transcript)
b. Series 1990 A and B Bond Resolution (See that transcript)
c. Series 1994 A Bond Resolution (See that transcript)
d. Series 1994 B Bond Resolution (See that transcript)
e. Series 1994 C Bond Resolution (See that transcript)
f. Series 1995 A Bond Resolution (See that transcript)
g. Series 1995 B Bond Resolution (See that transcript)
h. Series 1996 A Bond Resolution (See that transcript)
i. Series 1996 B and C Bond Resolution (See that transcript)
j. Series 1996 D Bond Resolution (See that transcript)
k. Series 1997 A Bond Resolution (See that transcript)
l. Series 1997 B Bond Resolution (See that transcript)
m. Series 1999 A Bond Resolution (See that transcript)
n. Series 2000 A Bond Resolution (See that transcript)
o. Series 2001 A Bond Resolution (See that transcript)
p. Series 2001 B Bond Resolution (See that transcript)
q. Series 2002 A Bond Resolution (See that transcript)
r. Series 2002 B Bond Resolution (See that transcript)
s. Series 2002 C Bond Resolution (See that transcript)
t. Series 2002 D Bond Resolution (See that transcript)
u. Series 2002 E Bond Resolution (See that transcript)
v. Series 2003 A Bond Resolution (See that transcript)
w. Series 2003 B Bond Resolution (See that transcript)

WEST VIRGINIA
Water Development Authority
Celebrating 30 Years of Service **1974 - 2004**

November 30, 2004

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant of the Issuer stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the First Lien Bonds and the Second Lien Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) (the "Bonds"), in the original aggregate principal amount of $1,999,600, 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, Sewer Revenue Bonds, Series 1990 A, Sewer Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), Sewer Revenue Bonds, Series 1994 C (West Virginia SRF Program), Sewer Revenue Bonds, Series 1995 A (West Virginia SRF Program), Sewer Revenue Bonds, Series 1995 B (West Virginia SRF Program), Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), Sewer Revenue Bonds, Series 1996 B (West Virginia SRF Program), Sewer Revenue Bonds, Series 1996 C (West Virginia SRF Program), Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), Sewer Revenue Bonds, Series 1997 B (West Virginia SRF Program), Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), Sewer Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), Sewer Revenue Bonds, Series 2001 B (West Virginia SRF Program), Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program), Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority), Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority), Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program) (collectively, the "First Lien 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 "Second Lien Bonds").

Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

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

Board of Directors:
John C. Kunkle, Chairman
John E. Myers, Secretary
Ronald K. Collins, Treasurer

Curtis B. Keller
General Manager

September 28, 2004

Berkeley County Public Service Sewer District
Sewer Refunding Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund)

Attention: Executive Director
West Virginia Housing Development Fund
814 Virginia Street, East
Charleston, WV 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 Refunding Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) on or about October 28, 2004, 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, which 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 agreement or commitments with respect thereto, has occurred and is continued. The District has made or will make all deposits into the Series 1994 B Bonds Repayment Account and is in compliance in accordance with Section 4.2 of the Loan Agreement.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any other service, please do not hesitate to call.

Very truly yours,

Curtis B. Keller
General Manager

CERTIFICATE OF LIABILITY INSURANCE

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 4806295 and Automobile Policy CA 5189013 issued to the State of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

COVERAGE PERIOD: Jul 1, 2004 to Jul 1, 2005 12:01 a.m. Eastern Time

COVERAGE AFFORDED: Comprehensive General Liability Insurance
Personal Injury Liability Insurance
Professional Liability Insurance
Stop Gap Liability Insurance
Wrongful Act Liability Coverage
Comprehensive Auto Liability Coverage
Auto Physical Damage Insurance
Garagekeepers Insurance

LIMIT OF LIABILITY: $1,000,000 each occurence* and is SUBJECT TO $2,500 DEDUCTIBLE. *For all coverages combined. This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

SPECIAL LIMITS: The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of $1,000.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W.Suite 203
South Charleston, West Virginia 25303

Claims Made Prior Acts Date:

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS IN THE POLICIES. IT IS A CONDITION PRECEDENT OF COVERAGE UNDER THE POLICIES THAT THE ADDITIONAL INSURED DOES NOT WAIVE ANY STATUTORY OR COMMON LAW IMMUNITY CONFERRED UPON IT.

BY: Bob Mitty DATED: June 30, 2004
AUTHORIZED REPRESENTATIVE

AGENT OF RECORD: ARNDT-MCBEE INSURANCE AGENCY INC.
MARTINSBURG OFFICE
824 N. QUEEN STREET
MARTINSBURG, WV 25401

THE CINCINNATI INSURANCE COMPANY

P.O. BOX 145496, CINCINNATI, OHIO 45250-5496
(513) 870-2000

CAP 546 48 63

A Stock Insurance Company — Previous Policy No.

COMMON POLICY DECLARATIONS

RENEWAL

DECLARATIONS	POLICY NUMBER CAP 546 48 63
NAMED INSURED	BERKELEY COUNTY PUBLIC SEWER DISTRICT
ADDRESS (Number & Street, Town, County, State & Zip No.)	PO BOX 944 MARTINSBURG WV 25402

Policy Period: At 12:01 A.M., STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

All coverages except Automobile and/or Garage
Policy number: CAP 546 48 63 FROM: 06-03-2004 TO: 06-03-2005

Automobile and/or Garage
Policy number: FROM: TO:

Agency ARNDT-MCBEE INSURANCE AGENCY, INC. 47-023
City MARTINSBURG, WV

Legal Entity/Business Description
CORPORATION

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

FORMS APPLICABLE TO ALL COVERAGE PARTS: (show numbers)

REFER TO IA901

MR6 SBD
10-06-2004

Countersigned _____ By _____
(Date) (Authorized Representative)

IN WITNESS WHEREOF, this policy has been signed by our President and Secretary in the City of Fairfield, Ohio, but this policy shall not be binding upon us unless countersigned by an authorized representative of ours. This provision does not apply in Arizona, Virginia and Wisconsin.

Kenneth W. Stecker — John J. Schiff, Jr.

Secretary — President

ORIGINAL

Attached to POLICY
NUMBER CAP 546 48 63

SUMMARY OF PREMIUMS CHARGED

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM CHARGE IS INDICATED

Commercial Property Coverage Part	$ 20,932
Commercial General Liability Coverage Part	$
Commercial Crime Coverage Part	$ 101
Commercial Umbrella / Excess Liability Coverage	$
CONTRACTORS EQUIPMENT	$ 4,098
WV 1% SURCHARGE	$ 251
	$
	$
	$
	$
	$
	$
	$
	$
	$
Installment Charge	$ 20
Sub-Total	$ 25,402
Commercial Auto Coverage Part	$
Auto Installment Charge	$
Terrorism Coverage	$ 189
Annual Total	$ 25,591

PAYMENTS

	All Other		+	Auto		=	Total Installment	
	First Installment	Remaining Installment		First Installment	Remaining Installment		First Installment	Remaining Installment
☐ SEMI-ANNUAL	$	$	+ $		$	=$		$
☒ QUARTERLY	$6,397	$6,397	+$		$	=$6,397		$6,397

Automobile Coverages, Employers Liability, Employment Practices Liability Coverage, Professional Liability Coverage, Terrorism Coverage and / or Wrongful Acts Coverage, if included in the policy, are subject to Annual Adjustment of rates and premium on each anniversary of the policy.

Commercial Umbrella and Excess Liability, if included in the policy, may be subject to Annual Adjustment of premium on each anniversary. Refer to the Commercial Umbrella or Excess Liability Coverage Part Declarations form to see if this is applicable.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

THE CINCINNATI INSURANCE COMPANY

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

Attached to and forming part of POLICY NUMBER: CAP 546 48 63 Effective Date: 06-03-2004

Named Insured: IS THE SAME AS IT APPEARS ON THE COMMON POLICY DECLARATION

Item Location (address)

BLANKET COVERAGE PER STATEMENT OF VALUES ON
FILE WITH THE CINCINNATI INSURANCE COMPANY
REFER TO IA904

COVERAGE PROVIDED					OPTIONAL COVERAGES Applicable only when an entry is made						
Item	Coverage	Limits	Coin-surance	Covered Cause of Loss	INFLATION GUARD (%)	REPLACEMENT COST (x)	REPLACEMENT COST (x)	INCL STOCK	AGREED VALUE (x)	Business Income Indemnity: Monthly Limit (fraction)	Business Income Indemnity: Maximum Period (X)	Business Income Indemnity: Extended Period (Days)
	BLANKET BUILDING	17,850,053	90%	SPECIAL		X						
	BLANKET BUSINESS PERSONAL PROPERTY	680,920	90%	SPECIAL		X						

DEDUCTIBLE: $250.00 unless otherwise stated $ 1,000

MORTGAGE HOLDER Item:

FORMS AND/OR ENDORSEMENTS APPLICABLE TO THIS COVERAGE PART

FA450 01/98 FM101 01/98 CP0121 10/91 CP0112 10/90
CP0299 11/85

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2004 A
(West Virginia Infrastructure Fund),

RECEIPT OF PAYMENT OF NOTES

The undersigned, authorized representative of the West Virginia Water Development Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council ("Authority") hereby certifies as follows:

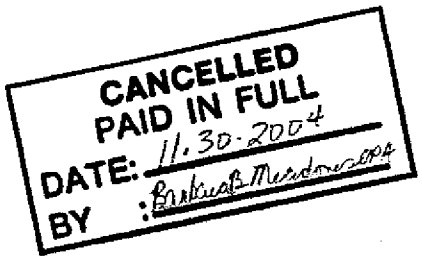
On the 30th day of November, 2004, the Authority received the sum of $1,999,600 from the Berkeley County Public Service Sewer District and such amount is sufficient to pay the entire outstanding principal of and all accrued interest on the Berkeley County Public Service Sewer District Sewerage System Bond Anticipation Notes, Series 1999 A (West Virginia Infrastructure Fund), to the date hereof and discharge the liens, pledges and encumbrances securing such Notes.

WITNESS my signature on this 30th day of November, 2004.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, on behalf of the West Virginia Infrastructure and Jobs Development Council

By: _____
Its: Authorized Representative

11/18/04
067740.00013



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWERAGE SYSTEM BOND ANTICIPATION NOTE, SERIES 1999 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $2,000,000

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO MILLION DOLLARS ($2,000,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in annual installments of One Hundred Dollars ($100) on June 1 of each year, commencing June 1, 2001, through and including June 1, 2004, with the entire outstanding principal amount payable in full on November 1, 2004. Notwithstanding the foregoing, if a review of the Net Revenues of the System by a Certified Public Accountant shall determine that such Net Revenues are sufficient to pay debt service on all Outstanding Bonds and a permanent loan from a State funding source in an amount equal to all or a portion of the Outstanding principal balance of this Notes, all as provided in the Notes Legislation, as hereinafter defined the Authority, acting on behalf of the Council and upon providing reasonable written notice to the Issuer, may declare all or any portion of the outstanding principal amount of this Note to be due and payable prior to maturity.

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

This Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated October 28, 1999.

This Note is issued (i) to temporarily finance a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the

CANCELLED
PAID IN FULL
DATE: 11.30.04
BY : BSM

Notes of this Series (the "Notes") 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 Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on October 26, 1999, and a Supplemental Resolution duly adopted by the Issuer on October 26, 1999 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

THIS NOTE IS ISSUED JUNIOR AND SUBORDINATE, 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 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 1986 C, DATED MARCH 7, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $800,000 (THE "SERIES 1986 C BONDS");

(3) 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");

(4) 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");

(5) 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");

(6) 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");

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

CANCELLED
PAID IN FULL
DATE: 11-30-04
BY : BBM

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

(8) 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");

(9) 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");

(10) 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");

(11) 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");

(12) 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");

(13) 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");

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

(15) 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"); AND

CANCELLED
PAID IN FULL
DATE: 11.30.04
BY : BOM

(16) 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").

This Note is payable only from and secured by a first lien on (i) any additional sewerage system revenue bonds or refunding revenue bonds of the Issuer which may be issued for the System; (ii) any additional grants (other than grants from the West Virginia Infrastructure Fund) or other financial assistance to be received by the Issuer for the System; and (iii) the proceeds of any additional bond anticipation notes of the Issuer, issued subsequent to the issuance of the Notes, to finance the costs of acquisition and construction of the Project. The moneys from these sources shall be deposited into the Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of this Note. If, on the fortieth anniversary of the date of issuance of this Note, the Issuer has not (i) issued any additional sewerage system revenue bonds, refunding revenue bonds, or bond anticipation notes for the System or (ii) received any additional grants (other than Council grants) for the System, then the Council shall instruct the Authority to convert the outstanding principal amount of the Note or Notes then Outstanding to a grant and to cancel the Note or Notes then Outstanding; provided, that in no event shall an amount of the principal amount of the Notes greater than $2,000,000 be converted to a grant.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Notes Legislation. Remedies provided the Authority are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of the Project and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Note.

CANCELLED
PAID IN FULL
DATE: 11.30.04
BY : PBM

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the Notes, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

CANCELLED
PAID IN FULL
DATE: 11.30.04
BY :

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT has caused this Note to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Note to be dated October 28, 1999.

[SEAL]

Chairman

Attest:

Secretary

CANCELLED
PAID IN FULL
DATE: 11.30.04
BY : RBM

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owned set forth above.

Date: October 28, 1999.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Authorized Officer

10/25/99
067740/98001

CH346593.1

WEST VIRGINIA INFRASTRUCTURE FUND

RECORD OF ADVANCES

Project Name: Berkeley County PSSD (Inwood)

Date Closed: 10/28/99

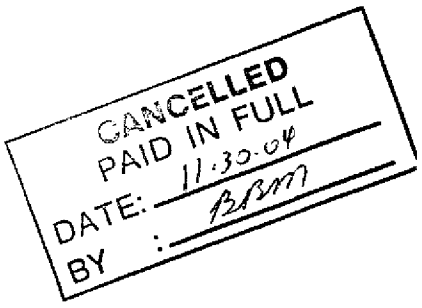
CANCELLED
PAID IN FULL
DATE: 11.30.04
BY : BBM

Loan Amount: $2,000,000
Series 1999 A

	Amount	Date		Amount	Date
1	$414,299	10/28/99	17	$37,997	04/30/01
2	68,988	12/10/99	18	27,793	05/31/01
3	321,778	12/28/99	19	59,779	06/15/01
4	23,061	01/31/00	20	24,186	07/16/01
5	2,256	03/15/00	21	50,433	08/14/01
6	5,424	04/14/00	22	26,202	09/28/01
7	33,479	05/15/00	23	22,972	10/31/01
8	42,705	06/15/00	24	18,273	11/30/01
9	101,116	07/31/00	25	27,214	12/14/01
10	76,211	08/15/00	26	21,759	01/31/02
11	27,640	09/15/00	27	49,426	02/15/02
12	39,832	10/31/00	28	25,474	03/29/02
13	13,918	12/15/00	29	15,264	04/30/02
14	20,428	01/31/01	30	88,213	05/15/02
15	34,514	02/15/01	31	81,687	06/14/02
16	$43,219	03/15/01	32	154,460	07/15/02
	$1,268,868			$731,132	
		Total		**$2,000,000**	

c Municipal Bond Commission
Water Development Authority
Jackson & Kelly PLLC
Steptoe & Johnson PLLC

EXHIBIT B

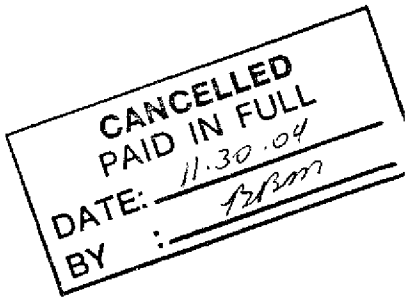


Berkeley County Public Service Sewer District
(Governmental Agency)

$2,000,000 0 % Interest 5 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
06/01/2001	100.	-	100
06/01/2002	100.	-	100
06/01/2003	100.	-	100.
06/01/2004	100.	-	100.
11/01/2004	1,999,600.	-	1,999,600.
Total	1,999,600.	-	1,999,600.



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within-mentioned Note and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____

_____

IN THE PRESENCE OF:

_____

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **November 30, 2004**

Re: **Berkeley County Public Service Sewer District**
Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund)

---

1. DISBURSEMENTS ON BEHALF OF BERKELEY COUNTY PSSD

Payor:	West Virginia Infrastructure Fund
Source:	Series 2004 A Bond Proceeds
Amount:	$1,999,600
Form:	Wire
Payee:	West Virginia Municipal Bond Commission
ABA #:	051503394
Account #:	5270517317
Bank:	Branch Banking and Trust Company
Contact:	West Virginia State Treasurer for Municipal Bond Commission
Account:	Notes Payment Fund to pay in full the District's Sewerage System Bond Anticipation Notes, Series 1999 A (West Virginia Infrastructure Fund)

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 November 30, 2004 Time 9:00 a.m. LGA Berkeley County PSSD Program IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
DANIEL B. YONKOSKY	WV WDA	558-3612	558-0299	dyonkosky@wvwda.org
Barbara B Meadows	Water Development Authority	558-3612	558.0299	bmeadows@wvwda.org
Samuel Lee	Jackson Kelly PLLC	340.1318	340.1080	slee@jacksonkelly.com
John Stump	Steptoe & Johnson PLLC	353.8196	353.8181	stumpj@steptoe-
Franki Parsons	Jackson Kelly PLLC	340-1283	340-1093	fparsons@jacksonkelly.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 Curtis Keller, MBA Telephone 304.263.8566 (123) E-Mail N/A
Address P.O. Box 944, Martinsburg WV 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.