$3,905,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

SEWER REFUNDING REVENUE BONDS, SERIES 2006 A
(BANK QUALIFIED); AND
SEWER REFUNDING REVENUE BONDS, SERIES 2006 B
(NON-BANK QUALIFIED)

DATE OF CLOSING: OCTOBER 19, 2006

BONDS TRANSCRIPT

STEPTOE & JOHNSON PLLC

John C. Stump, Esquire
707 Virginia Street, East
Chase Tower, Seventh Floor
Charleston, WV 25326
(304)353-8196
john.stump@steptoe-johnson.com

Vincent A. Collins, Esquire
1085 Van Voorhis Road
United Center, Suite 400
Morgantown, WV 26505
(304)598-8161
vincent.collins@steptoe-johnson.com

$3,905,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

Date of Closing: October 19, 2006

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution

2. (A) Supplemental Parameters Resolution
   (B) Certificate of Determinations

3. Second Supplemental Resolution

4. Cross-Receipt for Bonds and Bond Proceeds

5. Direction to Authenticate and Deliver Bonds

6. Series 2006 A Specimen Bond

7. Series 2006 B Specimen Bond

8. Public Service Commission Order

DOCUMENTS OF THE ISSUER

9. County Commission Orders Relating to Creation of District

10. County Commission Orders Appointing Current Boardmembers

11. Oaths of Office of Current Boardmembers

12. Rules of Procedure

13. Minutes of Current Year Organizational Meeting

14. Minutes on Adoption of Bond Resolution and Supplemental Resolution

OPINIONS OF COUNSEL

15. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel for Series 2006 A Bonds

16. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel for Series 2006 B Bonds

17. Supplemental Opinion of Steptoe & Johnson PLLC, Bond Counsel

18. Original Issue Discount Opinion of Steptoe & Johnson PLLC, Bond Counsel

19. Opinion of Goodwin & Goodwin, LLP, Counsel to Underwriter

20. Opinion of William Rohrbaugh, Counsel to Issuer

CERTIFICATES

21. General Certificate of Issuer

22. Tax and Non-Arbitrage Certificate of Issuer

23. Registrar's Certificate

24. Underwriter's Certificate

25. Certificate of Certified Public Accountant

DOCUMENTS RELATING TO REFUNDING OF SERIES 1996 D BONDS

26. [Reserved]

27. Notice to Bank of New York and Bond Commission Regarding Refunding of 1996 D Bonds

28. Prepayment Agreement

29. Letter of Instructions to the Bond Commission regarding Reserve Investment.

30. Joint Certificate of Issuer and Bond Commission

31. Series 1996 D Bonds Resolution and Supplemental Resolution

32. Notice of Redemption and Letter of Instructions to Bank of New York

33. Receipt and Release

OFFERING DOCUMENTS

34. Official Statement

35. Bond Purchase Agreement

36. Continuing Disclosure Agreement

37. 15c2-12 Certificate

MISCELLANEOUS DOCUMENTS

38. Acceptance of Appointment of Depository Bank

39. DTC Letter of Representations

40. Registrar Agreement

41. Consent of West Virginia Water Development Authority

42. IRS Information Return (Form 8038-G)

43. Municipal Bond Commission New Issue Reports

44. Certified Copy of Enabling Act, West Virginia Code, Chapter 16, Article 13A

45. Funds Wiring Memorandum

46. Final Pricing Numbers

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS, SERIES 2006 A (BANK QUALIFIED) AND SEWER REFUNDING REVENUE BONDS, SERIES 2006 B (NON-BANK QUALIFIED)

CONFORMED BOND RESOLUTION

Table of Contents

RECITALS 1

ARTICLE I
DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01	Definitions	7
Section 1.02	Authority for this Resolution	16
Section 1.03	Findings	16
Section 1.04	Resolution Constitutes Contract	18

ARTICLE II
AUTHORIZATION OF REFUNDING

Section 2.01	Authorization of Refunding of Series 1996 D Bonds	19

ARTICLE III
THE BONDS

Section 3.01	Form and Payment of Bonds	20
Section 3.02	Execution of Bonds	20
Section 3.03	Authentication and Registration	21
Section 3.04	Negotiability and Registration	21
Section 3.05	Bonds Mutilated, Destroyed, Stolen or Lost	22
Section 3.06	Term Bonds	23
Section 3.07	Notice of Redemption	24

Section 3.08	Persons Treated as Owners	25
Section 3.09	Temporary Bonds	25
Section 3.10	Authorization of Bonds	26
Section 3.11	Book Entry System for Bonds	26
Section 3.12	Delivery of Bonds	28
Section 3.13	Form of Bonds	29
Section 3.14	Disposition of Proceeds of Bonds	29
Section 3.15	Designation of Bonds as "Qualified Tax-Exempt Obligations"	31

ARTICLE IV
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01	Establishment of Funds and Accounts with Depository Bank	32
Section 4.02	Establishment of Funds and Accounts with Bond Commission	32
Section 4.03	System Revenues and Application Thereof	32

ARTICLE V
INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01	Investments	39
Section 5.02	Arbitrage	40
Section 5.03	Tax Certificate and Rebate	40
Section 5.04	Continuing Disclosure Agreement	41

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01	Covenants Binding and Irrevocable	42
Section 6.02	Bonds not to be Indebtedness of the Issuer	42
Section 6.03	Bonds Secured by Parity Pledge of Net Revenues	42
Section 6.04	Rates	42
Section 6.05	Operation and Maintenance	43
Section 6.06	Sale of the System	43
Section 6.07	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	44
Section 6.08	Additional Parity Bonds	45
Section 6.09	Insurance and Bonds	46
Section 6.10	No Free Services	47
Section 6.11	Enforcement of Collections	47

Section 6.12	No Competing Franchise	48
Section 6.13	Books and Records	48
Section 6.14	Operating Budget	49
Section 6.15	Connections	49
Section 6.16	Statutory Mortgage Lien	50
Section 6.17	Tax Covenants	50
Section 6.18	Financial Guaranty Insurance Policy	51

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01	Events of Default	52
Section 7.02	Enforcement	52
Section 7.03	Appointment of Receiver	53
Section 7.04	Restoration of Issuer and Bondholder	54

ARTICLE VIII
REGISTRAR AND PAYING AGENT

Section 8.01	Appointment of Registrar	55
Section 8.02	Responsibilities of Registrar	55
Section 8.03	Evidence on Which Registrar May Act	55
Section 8.04	Compensation and Expenses	55
Section 8.05	Certain Permitted Acts	55
Section 8.06	Resignation of Registrar	56
Section 8.07	Removal	56
Section 8.08	Appointment of Successor	56
Section 8.09	Transfer of Rights and Property to Successor	56
Section 8.10	Merger or Consolidation	57
Section 8.11	Adoption of Authentication	57
Section 8.12	Paying Agent	57

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01	Defeasance; Discharge of Pledge of Resolution	59

ARTICLE X
MISCELLANEOUS

Section 10.01	Amendment of Resolution	61
Section 10.02	Evidence of Signatures of Bondholders and Ownership of Bonds	61
Section 10.03	Preservation and Inspection of Documents	62
Section 10.04	Cancellation of Bonds	62
Section 10.05	Failure to Present Bonds	62
Section 10.06	Notices, Demands and Requests	63
Section 10.07	No Personal Liability	63
Section 10.08	Law Applicable	64
Section 10.09	Parties Interested Herein	64
Section 10.10	Severability of Invalid Provisions	64
Section 10.11	Table of Contents and Headings	64
Section 10.12	Conflicting Provisions Repealed	64
Section 10.13	Covenant of Due Procedure, Etc.	64
Section 10.14	Effective Date	64
	SIGNATURES	65
	CERTIFICATION	66
	EXHIBIT A - SERIES 2006 A BOND FORM	67
	EXHIBIT B - SERIES 2006 B BOND FORM	81

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REFUNDING REVENUE BONDS, SERIES 1996 D, OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2006 A (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $4,500,000 AND THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2006 B (NON-BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $500,000, THE PROCEEDS OF WHICH SHALL BE EXPENDED TO REFUND THE SERIES 1996 D BONDS AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, 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;

WHEREAS, the Issuer presently owns and operates a public sewerage collection and treatment system (the "System") in Berkeley County;

WHEREAS, the Issuer is advised that present value debt service savings will be realized as a result of the refunding of certain outstanding bonds of the Issuer, specifically the Issuer's Sewer Refunding Revenue Bonds, Series 1996 D (the "Series 1996 D Bonds"), dated June 15, 1996, issued in the original aggregate principal amount of $4,770,000 and presently outstanding in the approximate principal amount of 3,865,000;

WHEREAS, the Series 1996 D Bonds were issued pursuant to a resolution of the Issuer duly adopted on June 11, 1996, as supplemented by a resolution of the Issuer duly adopted on June 11, 1996 (collectively, the "1996 D Resolution");

WHEREAS, under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and

empowered to issue refunding revenue bonds for the purpose of retiring or refinancing all or any part of the outstanding Series 1996 D Bonds;

WHEREAS, the Issuer has determined and hereby determines that it would therefore be to the benefit of the Issuer and its customers to refund the Series 1996 D Bonds, and to pay costs in connection therewith, in the manner set forth herein, with proceeds of two series of bonds, the first to be designated "Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)" (the "Series 2006 A Bonds"), in the maximum aggregate principal amount of not more than $4,500,000, and the second to be designated "Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)" (the "Series 2006 B Bonds" and, collectively with the Series 2006 A Bonds, the "Series 2006 Bonds"), in the maximum aggregate principal amount of not more than $500,000, and other monies of the Issuer;

WHEREAS, in addition to the Series 1996 D Bonds, there are outstanding obligations of the Issuer (hereinafter collectively, the "Prior Bonds") which are designated and have the lien positions with respect to the Net Revenues of the sewerage system of the Issuer 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 of $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	First Lien

	Designation	Lien Position
	aggregate principal amount of $837,579 (the "Series 1996 C Bonds")	
10.	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
11.	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
12.	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
13.	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
14.	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
15.	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
16.	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
17.	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	First Lien

	Designation	Lien Position
	2002 B Bonds")	
18.	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
19.	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
20.	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
21.	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
22.	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
23.	Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated November 30, 2004, issued in the original aggregate principal amount of $1,999,600 (the "Series 2004 A 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

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 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, the Series 2003 B Bonds, and the Series 2004 A Bonds are hereinafter collectively called the "First Lien Bonds"; and the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2006 A Bonds and the Series 2006 B Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. 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.

WHEREAS, the Issuer now desires to authorize the refunding of the Series 1996 D Bonds as aforesaid, and to provide for the financing thereof by the issuance of the Series 2006 A Bonds and the Series 2006 B Bonds as hereinafter provided;

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Resolution and not otherwise defined in the recitals or in the text hereof shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2006 A Bonds and Series 2006 B Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer and Redemption Digest.

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

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder of the Bonds," "Owner of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

"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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2006 A Bonds, the Series 2006 B Bonds, the First Lien Bonds, and the Second Lien Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2006 A Bonds and the Series 2006 B Bonds, respectively, in substantially the forms set forth in EXHIBIT A - SERIES 2006 A BOND FORM and EXHIBIT B - SERIES 2006 B BOND FORM, both attached hereto.

"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 2006 A Bonds and the Series 2006 B Bonds for the proceeds representing the respective original purchase prices thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Series 1996 D Bonds (specifically including, but not limited to, the Redemption Price of the Series 1996 D Bonds), interest accruing or to accrue thereon, redemption premiums, premiums for bond insurance and reserve account insurance, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 2006 A Bonds and the Series 2006 B Bonds and the refunding of the Series 1996 D Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means the Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 2006 A Bonds and the Series 2006 B Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

"Event of Default" means any occurrence or event specified in Section 7.01.

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

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

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

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

"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), or any Tap Fees, as hereinafter defined.

"Independent Certified Public Accountant" 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 purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

"Net Proceeds" means the face amount of the Series 2006 A Bonds and the Series 2006 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2006 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 2006 A Bonds and the Series 2006 B 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 which is acquired with the gross proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2006 A Bonds or the Series 2006 B Bonds.

"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.

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

"Original Purchaser" means Crews & Associates, Inc., Charleston, West Virginia, as the purchaser of the Series 2006 A Bonds and the Series 2006 B Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2006 A Bonds or the Series 2006 B Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2006 A Bonds or the Series 2006 B Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2006 A Bonds and the Series 2006 B Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2006 A Bonds and Series 2006 B Bonds.

"Outstanding," when used with reference to the Series 2006 A Bonds and the Series 2006 B Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and

the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as a Bond Insurer has been reimbursed in full.

"Paying Agent" means the Registrar or other entity designated as such for the Series 2006 A Bonds and the Series 2006 B Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 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, 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 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; the resolution of the Issuer adopted July 29, 2003, authorizing the Series 2003 A Bonds and the Series 2003 B Bonds; and the resolution of the Issuer adopted on October 19, 2004, authorizing the Series 2004 A Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Purchase Price," for the purpose of computation of the Yield of the Series 2006 A Bonds and the Series 2006 B Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price

of the Series 2006 A Bonds and the Series 2006 B Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2006 A Bonds or the Series 2006 B Bonds of each maturity is sold or, if the Series 2006 A Bonds or the Series 2006 B Bonds are privately placed, the price paid by the first buyer of the Series 2006 A Bonds or the Series 2006 B Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2006 A Bonds or the Series 2006 B Bonds.

"Qualified Investments" means and includes any of the following, unless otherwise set forth in the Supplemental Resolution:

(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, shall be secured by a pledge of

Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Rebate Fund" means the Rebate Fund created by Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated in the Series 2006 A Bonds and the Series 2006 B Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of any Bonds of the Issuer called for redemption.

"Redemption Price" means the price at which any Bonds of the Issuer may be called for redemption and includes the principal of and interest on such Bonds to be redeemed, plus the interest and premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2006 A Bonds and the Series 2006 B Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

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

"Reserve Accounts" means the Reserve Account established for the Series 2006 A and Series 2006 B Bonds and the Prior Bonds.

"Resolution" means this Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

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

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

"Series 2006 Bonds" means, collectively, the Series 2006 A Bonds and the Series 2006 B Bonds.

"Series 2006 Bonds Reserve Account" means the Series 2006 Bonds Reserve Account created by Section 4.02 hereof.

"Series 2006 Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2006 A Bonds and the Series 2006 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2006 A Bonds and the Series 2006 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2006 A Bonds and the Series 2006 B Bonds.

"Series 2006 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2006 A Bonds Redemption Account" means the Series 2006 A Bonds Redemption Account created by Section 4.02 hereof.

"Series 2006 A Bonds Sinking Fund" means the Series 2006 A Bonds Sinking Fund created by Section 4.02 hereof.

"Series 2006 B Bonds" means the Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2006 B Bonds Redemption Account" means the Series 2006 B Bonds Redemption Account created by Section 4.02 hereof.

"Series 2006 B Bonds Sinking Fund" means the Series 2006 B Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2006 A Bonds, the Series 2006 B Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following adoption of this Resolution, setting forth the final amounts, maturities, interest rates and other terms of the Series 2006 A Bonds and the Series 2006 B Bonds and authorizing the sale of the Series 2006 A Bonds and the Series 2006 B Bonds to the Original Purchaser and setting forth provisions specific to the Bond Insurer, if any; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

"System" means the complete public sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with thesystem, and shall include any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa; and any requirement for execution or attestation of the Bond or any certificate or other document by the Chairman or the Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. The Governing Body hereby finds and determines as follows:

A. The Issuer intends to refund the Series 1996 D Bonds in their entirety, and pay costs in connection therewith, with proceeds of the Series 2006 A Bonds, the Series 2006 B Bonds and other funds of the Issuer, to issue the Series 2006 A Bonds and the Series 2006 B Bonds and to pledge the Net Revenues of the System for payment thereof on a parity with one another and with the First Lien Bonds and senior and prior to the Second Lien Bonds.

B. The Series 2006 A Bonds and the Series 2006 B Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second 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 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B Bonds on a senior and prior basis to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

C. The estimated revenues to be derived in each year from the operation of the System after the refunding and defeasance of the Series 1996 D Bonds will be sufficient to pay all Operating Expenses of the System and the principal of and interest on the Series 2006 A Bonds, the Series 2006 B Bonds, and the Prior Bonds and to make all other payments provided for in this Resolution.

D. Based upon the assumed principal amount, maturity schedule and interest rates for the Series 2006 A Bonds and the Series 2006 B Bonds presented to the Issuer by the Original Purchaser, and after making allowance for the use of cash on hand of the Issuer, the Series 2006 A Bonds and the Series 2006 B Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding of the Series 1996 D Bonds and the costs of issuing the Series 2006 A Bonds and the Series 2006 B Bonds.

E. The Issuer shall not sell the Series 2006 A Bonds or the Series 2006 B Bonds without setting forth in the Supplemental Resolution the determination set forth in paragraph D above, based upon the actual principal amount, maturity schedule and interest rates for the Series 2006 A Bonds and the Series 2006 B Bonds, and the Issuer shall not issue the Series 2006 A Bonds or the Series 2006 B Bonds without having obtained from an Independent Certified Public Accountant a certification that the amount of savings stated to be achieved by the refunding shall in fact be saved, based upon their review, comparison and analysis of the net interest cost in dollars of the Series 2006 A Bonds and the Series 2006 B Bonds and the net interest cost in dollars of the Series 1996 D Bonds.

F. Subject to the determination and certification required by paragraph E above, it is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2006 A Bonds and secure the Series 2006 A Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the monies in the Series 2006 A Bonds Sinking Fund and the Series 2006 Bonds Reserve Account, unexpended proceeds of the Series 2006 A Bonds and as further set forth herein.

Subject to the determination and certification required by paragraph E above, it is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2006 B Bonds and secure the Series 2006 B Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the monies in the Series 2006 B Bonds Sinking Fund and the Series 2006 Bonds Reserve Account, unexpended proceeds of the Series 2006 B Bonds and as further set forth herein.

G. The Series 2006 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in

EXHIBIT A - SERIES 2006 A BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

The Series 2006 B Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT B - SERIES 2006 B BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

H. All things necessary to make the Series 2006 A Bonds and the Series 2006 B Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2006 A Bonds and the Series 2006 B Bonds, will be timely done and duly performed.

I. The adoption of this Resolution, and the execution and issuance of the Series 2006 A Bonds and the Series 2006 B Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2006 A Bonds and the Series 2006 B Bonds by those who shall own or hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of such Bondholders of any and all of such Series 2006 A Bonds or Series 2006 B Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding of Series 1996 D Bonds. All Series 1996 D Bonds Outstanding as of the date of issuance of the Series 2006 A Bonds and Series 2006 B Bonds are hereby ordered to be refunded, and the pledge of Net Revenues in favor of the Holders of the Series 1996 D Bonds imposed by the resolution authorizing the issuance thereof, the monies in the funds and accounts pledged to payment of the Series 1996 D Bonds, and any other funds pledged to repayment of the Series 1996 D Bonds are hereby ordered terminated, discharged and released upon the payment to the Bond Commission for deposit in the Series 1996 D Bonds Sinking Fund from the proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds and from other monies available therefor, of the following: (a) an amount equal to the fiscal and paying agent charges to become due and payable in connection with the Series 1996 D Bonds; and (b) an amount which will provide for the payment of the principal of and interest on the Series 1996 D Bonds, plus the premium, if any, as of _____, 2006. Contemporaneously with the deposit of the proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds and other monies into the Series 1996 D Bonds Sinking Fund, the amounts on deposit in the sinking fund, including the reserve account therein, created and maintained on behalf of the Series 1996 D Bonds shall be released from the lien created by the resolution authorizing issuance thereof and deposited in the Series 2006 A Bonds Sinking Fund, the Series 2006 B Bonds Sinking Fund, the Series 2006 Bonds Reserve Account or such other fund or account as shall be set forth in the Supplemental Resolution and invested as provided therein.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Bonds issued pursuant to this Resolution after the issuance of the Series 2006 A Bonds or the Series 2006 B Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. Series 2006 Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2006 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2006 Bonds shall be in default, Bonds issued in exchange for Series 2006 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2006 Bonds surrendered.

The principal of and the premium, if any, on the Series 2006 Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2006 Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $500,000 or more of the Series 2006 Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2006 Bonds are redeemed in part, such bonds shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Bond in the principal amount of said Series 2006 Bonds then Outstanding.

Section 3.02. Execution of Bonds . The Series 2006 Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2006 Bonds shall cease to be such officer of the Issuer before the Series 2006 Bonds so signed and sealed have been actually sold and delivered, such Series 2006 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2006 Bonds had not ceased to hold such office. Any Series 2006 Bonds may be signed and sealed on behalf of

the Issuer by such person as at the actual time of the execution of such Series 2006 Bonds shall hold the proper office in the Issuer, although at the date of such Series 2006 Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2006 Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Series 2006 Bonds, substantially in the form set forth in EXHIBIT A - SERIES 2006 A BOND FORM attached hereto and incorporated herein by reference with respect to the Series 2006 A Bonds, and in EXHIBIT B - SERIES 2006 B BOND FORM attached hereto and incorporated herein by reference with respect to the Series 2006 B Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2006 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Series 2006 Bonds shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2006 Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2006 A Bonds and the Series 2006 B Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Series 2006 Bonds, shall be conclusively deemed to have agreed that such Series 2006 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2006 Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2006 A Bonds or Series 2006 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2006 Bonds. Series 2006 Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2006 Bond, there shall be issued at the option of the Holder or the transferee another Series 2006 Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Series 2006 Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2006 Bonds may at the

option of the Holder thereof be exchanged for an equal aggregate principal amount of Series 2006 Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2006 A Bond or a Series 2006 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2006 Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2006 Bonds, the initial exchange of Series 2006 Bonds and exchanges of Series 2006 Bonds in the event of partial redemption of fully registered Series 2006 Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2006 Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2006 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2006 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Series 2006 Bond of like series, maturity and principal amount as the Series 2006 Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Series 2006 Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Series 2006 Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2006 Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Series 2006 Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Series 2006 Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2006 Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Series 2006 Bonds be at any time found by any one, and such duplicate Series 2006 Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued pursuant to this Resolution, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2006 A Bonds Redemption Account or the Series 2006 B Bonds Redemption Account, as appropriate, in accordance with Subsection 4.03A(3) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Series 2006 Bonds shall be set forth in the Supplemental Resolution relating thereto.

B. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

C. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2006 A Bonds Redemption Account or the Series 2006 B Bonds Redemption Account, as appropriate, to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2006 A Bonds Sinking Fund or the Series 2006 B Bonds Sinking Fund, as appropriate), as will exhaust as nearly as practicable such Series 2006 A Bonds Redemption Account payment or Series 2006 B Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2006 A Bonds or Series 2006 B Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Bond Insurer, the Original Purchaser and the registered owner of the Series 2006 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2006 A Bonds and the Series 2006 B Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2006 A Bonds and the Series 2006 B Bonds shall also be sent to registered securities depositories.

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date;

(2) The Redemption Price;

(3) If less than all outstanding Series 2006 A Bonds or Series 2006 B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2006 A Bonds or Series 2006 B Bonds, as appropriate, to be redeemed;

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Series 2006 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(5) The place where such Series 2006 Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar; and

(6) Such other information, if any, as shall be required for DTC-eligible Series 2006 Bonds.

If funds sufficient to redeem all Series 2006 Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2006 Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2006 Bonds or portions of Series 2006 Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2006 Bonds or portions of Series 2006 Bonds shall cease to bear interest. Upon surrender of such Series 2006 Bonds for redemption in accordance with said notice, such Series 2006 Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2006 Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Series 2006 Bond. All Series 2006 Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2006 A Bonds or Series 2006 B Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Series 2006 A Bonds or Series 2006 B Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Series 2006 A Bond or Series 2006 B Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Resolution. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if

applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. A. For the purposes of paying a portion of the costs of refunding all of the Series 1996 D Bonds of the Issuer, funding a portion of the Series 2006 Bonds Reserve Account, and paying costs in connection therewith, there shall be issued the Series 2006 A Bonds of the Issuer, in an aggregate principal amount of not more than $4,500,000. The Series 2006 A Bonds shall be designated "Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2006 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2006 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2006 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

B. For the purposes of paying a portion of the costs of refunding all of the Series 1996 D Bonds of the Issuer, funding a portion of the Series 2006 Bonds Reserve Account, and paying costs in connection therewith, there shall be issued the Series 2006 B Bonds of the Issuer, in an aggregate principal amount of not more than $500,000. The Series 2006 B Bonds shall be designated "Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2006 B Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2006 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2006 B Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Series 2006 A Bonds and the Series 2006 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2006 A Bonds and the Series 2006 B Bonds, respectively, of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2006 A Bonds and the Series 2006 B Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2006 A Bonds or the Series 2006 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series

2006 A Bonds or the Series 2006 B Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2006 A Bond or Series 2006 B Bond, or any other evidence of ownership of the Series 2006 A Bonds or Series 2006 B Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2006 A Bonds or the Series 2006 B Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2006 A Bonds and the Series 2006 B Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Resolution, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2006 A Bonds or the Series 2006 B Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2006 A Bonds or Series 2006 B Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Resolution. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2006 A Bonds and the Series 2006 B Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2006 A Bonds or the Series 2006 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2006 A Bonds or Series 2006 B Bonds so redeemed, but DTC may return such Series 2006 A Bonds or Series 2006 B Bonds and make an appropriate notation on the Series 2006 A Bond or Series 2006 B Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2006 A Bonds or the Series 2006 B Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2006 A Bonds and the Series 2006 B Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2006 A Bonds and the Series 2006 B Bonds, selecting the Series 2006 A Bonds or Series 2006 B Bonds, or portions thereof, to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 2006 A Bonds or the Series 2006 B Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest

in the Series 2006 A Bonds or the Series 2006 B Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2006 A Bonds or the Series 2006 B Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2006 A Bonds or the Series 2006 B Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2006 A Bonds or the Series 2006 B Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2006 A Bonds and the Series 2006 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2006 A Bonds or the Series 2006 B Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2006 A Bonds and the Series 2006 B Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 2006 A Bonds and the Series 2006 B Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2006 A Bonds and the Series 2006 B Bonds.

Section 3.12. Delivery of Bonds. A. The Issuer shall execute and deliver the Series 2006 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2006 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2006 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2006 A Bonds to the Original Purchaser;

(3) Copies of this Resolution and the Supplemental Resolution certified by the Secretary;

(4) The unqualified approving opinion upon the Series 2006 A Bonds by Bond Counsel; and

(5) A copy of such other documents, certifications and verifications as the Original Purchaser may reasonably require.

B. The Issuer shall execute and deliver the Series 2006 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2006 B Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2006 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2006 B Bonds to the Original Purchaser;

(3) Copies of this Resolution and the Supplemental Resolution certified by the Secretary;

(4) The unqualified approving opinion upon the Series 2006 B Bonds by Bond Counsel; and

(5) A copy of such other documents, certifications and verifications as the Original Purchaser may reasonably require.

Section 3.13. Form of Bonds. A. The definitive Series 2006 A Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2006 A BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2006 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2006 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

B. The definitive Series 2006 B Bonds shall be in substantially the form set forth in EXHIBIT B - SERIES 2006 B BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2006 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2006 B Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds.

Upon the issuance and delivery of the Series 2006 A Bonds and Series 2006 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on the Series 2006 A Bonds and the Series 2006 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2006 A Bonds Sinking Fund and the Series 2006 B Bonds Sinking Fund, respectively, and applied to payment of interest on the Series 2006 A Bonds and the Series 2006 B Bonds at the first interest payment date.

B. An amount of the proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds which, together with other monies or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Series 1996 D Bonds (which amount shall be set forth in the Supplemental Resolution) shall be deposited in the Series 1996 D Bonds Sinking Fund.

C. An amount of the proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds equal to a portion of the Series 2006 Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2006 Bonds Reserve Account; provided that, to the extent the Series 2006 Bonds Reserve Requirement is satisfied in whole or in part from proceeds of any fund or account established for the Series 1996 D Bonds pursuant to the resolution authorizing issuance thereof, proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds shall be deposited in the Series 2006 Bonds Reserve Account only to the extent needed to satisfy a portion of the Series 2006 Bonds Reserve Requirement.

D. An amount of the proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds which shall be sufficient to pay the costs of issuance of the Series 2006 Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2006 Bonds and miscellaneous costs of refunding the Series 1996 D Bonds. All such costs of issuance shall be paid within 60 days of the Closing Date. Monies not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer, pro rata, to the Series 2006 A Bonds Redemption Account and the Series 2006 B Bonds Redemption Account. All such proceeds transferred to the Series 2006 A Bonds Redemption Account and Series 2006 B Bonds Redemption Account shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2006 Bonds.

E. The balance of any proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds and any monies in any fund or account established for the Series 1996 D Bonds pursuant to the resolution authorizing issuance thereof, not used for any of the purposes set forth above, may be deposited in the Series 2006 A and Series 2006 B Bonds Sinking Funds and used to make payments of debt service on the Series 2006 A Bonds and Series 2006 B Bonds as hereinafter provided. Monies not to be applied immediately to pay such debt service may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. All

such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2006 A Bonds and Series 2006 B Bonds.

Section 3.15. Designation of Series 2006 A Bonds as "Qualified Tax-Exempt Obligations". Pursuant to Section 265(b)(3)(D)(ii) of the Code, the Series 2006 A Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2006 A Bonds and the issue of which they are a part satisfy the following requirements: (1) the Series 2006 A Bonds are being issued to currently refund the Series 1996 D Bonds which were designated at the time of their issuance as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code; (2) the amount of the Series 2006 A Bonds does not exceed the outstanding amount of the Series 1996 D Bonds being refunded; (3) the average maturity date of the Series 2006 A Bonds is not later than the average maturity date of the bonds being refunded by the issue of which the Series 2006 A Bonds are a part; (4) the Series 2006 A Bonds have a maturity date which is not later than the date which is 30 years after the Series 1996 D Bonds were issued; and (5) the aggregate face amount of the issue of which the Series 2006 A Bonds are a part does not exceed $10,000,000.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds or accounts are hereby created with (or continued if previously established), and shall be held by, the Depository Bank, segregated and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

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

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

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

(4) Costs of Issuance Fund; and

(5) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds or accounts are hereby created with and shall be held by, the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission and the Issuer and from each other:

(1) Series 2006 A Bonds Sinking Fund;

(2) Within the Series 2006 A Bonds Sinking Fund, the Series 2006 A Bonds Redemption Account;

(3) Series 2006 B Bonds Sinking Fund;

(4) Within the Series 2006 B Bonds Sinking Fund, the Series 2006 B Bonds Redemption Account; and

(5) Series 2006 Bonds Reserve Account.

Section 4.03. System Revenues and Application Thereof So long as any of the Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay interest on the First Lien Bonds; (ii) commencing 6 months prior to the first interest payment date on the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2006 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2006 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2006 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2006 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2006 A Bonds Sinking Fund; and (iii) commencing 6 months prior to the first interest payment date on the Series 2006 B Bonds, for deposit in the Series 2006 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2006 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 B Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2006 B Bonds Sinking Fund

shall be reduced by the amount of accrued interest on the Series 2006 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2006 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2006 B Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay the principal of the First Lien Bonds; (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, and in the Series 2006 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2006 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2006 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph; and (iii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2006 B Bonds, for deposit in the Series 2006 B Bonds Sinking Fund, and in the Series 2006 B Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2006 B Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 B Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments

shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2006 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to fund the respective reserves requirements for the First Lien Bonds; and (ii) for deposit in the Series 2006 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2006 Bonds Reserve Account below the Series 2006 Bonds Reserve Requirement or any withdrawal from the Series 2006 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2006 Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2006 Bonds Reserve Account is less than the Series 2006 Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2006 Bonds Reserve Account for deposit into the Series 2006 A and Series 2006 B Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2006 Bonds Reserve Account to an amount equal to the Series 2006 Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2006 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2006 Bonds Reserve Requirement.

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

Depository Bank and shall be invested and reinvested in accordance with Article V 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 for deposit in the Sinking Fund for the Second Lien Bonds the amount required under the Prior Resolutions to pay principal of the Second Lien Bonds.

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

Monies in the Series 2006 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2006 A Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Monies in the Series 2006 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2006 B Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the Series 2006 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2006 Bonds when due, when amounts in the Series 2006 A Bonds Sinking Fund and/or Series 2006 B Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Issuer shall not be required to make any further payments into the Series 2006 A Bonds Sinking Fund, Series 2006 B Bonds Sinking Fund or the Series 2006 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series 2006 Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2006 Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2006 A Bonds and the Series 2006 B Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional

parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirements therefor.

The payments into the Series 2006 A Bonds Sinking Fund and the Series 2006 B Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

The Issuer shall restore any withdrawals from the Series 2006 Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2006 Bonds Reserve Requirement, from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds, and senior and prior to the principal, interest or reserve payments for the Second Lien Bonds, in accordance with the respective principal amounts then Outstanding.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2006 A Bonds Sinking Fund, the Series 2006 Bonds Reserve Account and the Series 2006 B Bonds Sinking Fund created hereunder, and all amounts required for said accounts shall be remitted to the Bond Commission from the Revenue Fund by the Issuer at the times provided herein.

B. 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.

C. The Issuer shall remit from the Revenue Fund to the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Bond 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 any charges and fees then due.

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

E. If on any monthly payment date the Net 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 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any monies held as a part of the funds and accounts created by this Resolution in Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, 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 Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Series 2006 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, semiannually transfer from the Series 2006 Bonds Reserve Account, pro rata, to the Series 2006 A Bonds Sinking Fund and Series 2006 B Bonds Sinking Fund, any earnings on the monies deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2006 Bonds Reserve Account an amount at least equal to the Series 2006 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all

funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2006 Bonds Reserve Account, whereupon such account shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2006 Bonds Reserve Account shall, at any time, be less than the Series 2006 Bonds Reserve Requirement, the Bond Insurer, if any, shall be notified immediately of such deficiency, such deficiency shall be made up from the first available Net Revenues in the order set forth in Section 4.03 hereof.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2006 A Bonds and the Series 2006 B Bonds, as applicable, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2006 A Bonds Sinking Fund and the Series 2006 B Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Treasury Board pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds in such manner and to such extent as may be necessary, so that neither the Series 2006 A Bonds nor the Series 2006 B Bonds will constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2006 A Bonds and the Series 2006 B Bonds) so that the interest on the Series 2006 A Bonds and the Series 2006 B Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2006 A Bonds and the Series 2006 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2006 A Bonds and the Series 2006 B Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect, with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2006 A Bonds and the Series 2006 B Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2006 A Bonds or the Series 2006 B Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 2006 A Bonds and the Series 2006 B Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2006 A Bonds or the Series 2006 B Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2006 A Bonds and the Series 2006 B Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution but shall be payable solely from the Net Revenues of the System, in the instance of the Series 2006 A Bonds, the monies in the Series 2006 A Bonds Sinking Fund and the Series 2006 Bonds Reserve Account, and the unexpended proceeds of the Series 2006 A Bonds, and in the instance of the Series 2006 B Bonds, the monies in the Series 2006 B Bonds Sinking Fund and the Series 2006 Bonds Reserve Account, and the unexpended proceeds of the Series 2006 B Bonds, all as herein provided. No Holder or Holders of the Series 2006 A Bonds or the Series 2006 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2006 A Bonds or the Series 2006 B Bonds, or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Series 2006 A Bonds and the Series 2006 B Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with one another and with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the interest on and principal of the Series 2006 A Bonds and the Series 2006 B Bonds herein authorized, and to make the payments into the Series 2006 A Bonds Sinking Fund, the Series 2006 Bonds Reserve Account, the Series 2006 B Bonds Sinking Fund and all other payments provided for in this Resolution, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the interest on and principal of the Series 2006 A Bonds and the Series 2006 B Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. 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 said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 A Bonds, the Series 2006 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2006 A Bonds and the Series 2006 B Bonds, including the First Lien Bonds and the Second Lien Bonds.

The Issuer shall require that each annual audit contain a statement of the auditor that the Issuer either is or is not in compliance with the rate covenant contained in this Section 6.04. In the event that any audit contains a statement that the Issuer is not in compliance with the rate covenant contained in this Section 6.04, the Issuer hereby covenants that it shall, within sixty (60) days of receiving the audit report, file a request with the Public Service Commission of West Virginia for a rate increase sufficient to comply with the above-mentioned rate requirement.

Section 6.05. Operation and Maintenance. The Issuer will operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

Section 6.06. 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 2006 A Bonds or Series 2006 B Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2006 A Bonds and the Series 2006 B Bonds, immediately be remitted to the Bond Commission for deposit in the Series 2006 A Bonds Sinking Fund or the Series 2006 B Bonds Sinking Fund, as applicable, and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest on the Series 2006 A Bonds or the Series 2006 B Bonds, as applicable. Any balance remaining after the payment of the Series 2006 A Bonds and the Series 2006 B Bonds and interest thereon shall be remitted to the Issuer by the Bond 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 be remitted by the Issuer to the Bond 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 Resolution. 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 over 50% in amount 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 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. 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 2006 A Bonds and the Series 2006 B Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B Bonds and the interest thereon, if any, in this Resolution, or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2006 A Bonds and the Series 2006 B Bonds pursuant to this Resolution, except 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 2006 A Bonds and the Series 2006 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding any series of 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 an Independent Certified Public Accountant 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, the period for appeal of which has expired prior to the date of issuance of such additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the

Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

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

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 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Resolution with respect to the Bonds then Outstanding, and any other payments provided for in this Resolution, 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 Resolution.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2006 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. 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 and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

B. 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.

C. WORKER'S COMPENSATION COVERAGE for all employees of or for the system eligible therefor.

D. 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.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. 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.

Section 6.10. 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 thereof shall avail himself 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 6.11. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, 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 property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, 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 and facilities of the System and any services and facilities of the water system, if so owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of either System until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, has been fully paid. 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 6.12. 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 6.13. 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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Books and Records. 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 Series 2006 Bond or Bonds 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, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Issuer. The Issuer 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 Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, an annual report containing the following:

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

(B) A statement of account balances in all funds and accounts provided for herein and status of said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Certified Public Accountant in compliance with OMB Circular 128 or any successor thereto and the Single Audit Act, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Resolution and shall file said report with the Original Purchaser.

Section 6.15. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. 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 registered 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 such a registered 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 Original Purchaser 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 Original Purchaser, the Bond Insurer, if any, and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B Bonds, pro rata, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds, and senior and prior to the lien in favor of the Holders of the Second Lien Bonds.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2006 A Bonds or the Series 2006 B Bonds during the term thereof is, under the terms of the Series 2006 A Bonds or the Series 2006 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2006 A Bonds or the Series 2006 B Bonds during the term thereof is, under the terms of the Series 2006 A Bonds or the Series 2006 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2006 A Bonds or the Series

2006 B Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2006 A Bonds or Series 2006 B Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2006 A Bonds or the Series 2006 B Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2006 A Bonds and the Series 2006 B Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2006 A Bonds and the Series 2006 B Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18 Financial Guaranty Insurance Policy. The Issuer may apply for a Financial Guaranty Insurance Policy for the Series 2006 A Bonds and/or the Series 2006 B Bonds. In the event a Financial Guaranty Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2006 A Bonds or the Series 2006 B Bonds. These additional covenants and provisions shall be set forth in a Supplemental Resolution, shall apply to the Series 2006 A Bonds and/or the Series 2006 B Bonds, and shall be controlling in the event any other provisions of this Resolution may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2006 A Bonds and the Series 2006 B Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2006 A Bonds or the Series 2006 B Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Series 2006 A Bonds or Series 2006 B Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Bond Insurer;

(C) 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

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

The Issuer must cure any covenant default within 30 days after notice of the default, and failure to pay principal of or interest on the Bonds shall be an immediate event of default.

No waivers shall be granted by any party to the Bond documents without the prior written consent of the Bond Insurer, if any.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Resolution;

(C) Bring suit upon the Series 2006 Bonds;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Resolution or the rights of the Bondholders.

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2006 A Bonds and the Series 2006 B Bonds shall be on a parity with one another and also on parity with those of the Holders of the First Lien Bonds, and senior and prior to those of the Holders of the Second Lien Bonds.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer 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 on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Resolution and the Act.

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

Whenever all that is due upon the Series 2006 Bonds issued pursuant to this Resolution and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and accounts 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 Resolution 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 Bondholder 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, 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 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 the Holders of the Series 2006 Bonds issued pursuant to this Resolution. 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 possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Resolution, 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, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Resolution, in determining whether the rights of Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Resolution, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Financial Guaranty Insurance Policy were then in effect.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Resolution by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2006 A Bonds and the Series 2006 B Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 2006 A Bonds and the Series 2006 B Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2006 A Bonds or the Series 2006 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2006 A Bonds and the Series 2006 B Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Bonds, the first exchange of Bonds and the exchange of Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2006 A Bonds or Series 2006 B Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2006 A Bonds, the Series 2006 B Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2006 A Bonds or Series 2006 B Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Series 2006 A Bonds and the Series 2006 B Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Series 2006 A Bonds and the Series 2006 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2006 A Bonds and the Series 2006 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Series 2006 A Bonds and the Series 2006 B Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any monies, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2006 A Bonds or the Series 2006 B Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2006 A Bonds or Series 2006 B Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The Bond Commission shall serve as the Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Resolution. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All monies received by the Paying Agent shall, until used or applied as provided in this Resolution, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2006 A Bonds and the Series 2006 B Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2006 A Bonds and the Series 2006 B Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2006 A Bonds and the Series 2006 B Bonds from gross income for federal income tax purposes.

The Series 2006 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2006 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2006 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2006 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2006 A Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2006 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2006 A Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by

the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

The Series 2006 B Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2006 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2006 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2006 B Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2006 B Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2006 B Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2006 B Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. Prior to issuance of the Series 2006 A Bonds or the Series 2006 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of the Resolution, shall be controlling. Following issuance of the Series 2006 A Bonds or the Series 2006 B Bonds, this Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. In the event any of the Series 2006 A Bonds or the Series 2006 B Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2006 A Bonds or the Series 2006 B Bonds or the rights of any Bond Insurer for such Series 2006 A Bonds or Series 2006 B Bonds may be effected without the written consent of such Bond Insurer. No materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2006 A Bonds and the Series 2006 B Bonds then Outstanding and affected thereby and such Bond Insurer, which must be filed with the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2006 A Bond or Series 2006 B Bond without the express written consent of the Holder of each Series 2006 A Bond or Series 2006 B Bond so affected, nor reduce the percentage of Series 2006 A Bonds and Series 2006 B Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Resolution may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Resolution if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation

satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Resolution shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Resolution shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Resolution and no Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Resolution to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such

monies then unclaimed will be returned to the Issuer. If any of said Bonds is a coupon Bond, the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such monies will be returned to the Issuer, in an Authorized Newspaper.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

Berkeley County Public Service Sewer District
P.O. Box 944
Route 2, Box 338
Martinsburg, West Virginia 25401
Attention: Chairman

REGISTRAR AND PAYING AGENT

[Name(s) and address(es) to be set forth in Supplemental Resolution]

DEPOSITORY BANK

[Name and address to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Crews & Associates, Inc.
2000 Union National Plaza
124 West Capitol
Little Rock, Arkansas 72201

BOND INSURER

[Name and address, if any, to be set forth in Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the

principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Resolution.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Resolution and of all Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2006 A Bonds or the Series 2006 B Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2006 A Bonds and the Series 2006 B Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution.

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All orders, 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 resolutions authorizing the Prior Bonds, the resolutions authorizing the Prior Bonds shall control, unless less restrictive, so long as the Prior Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 10.14. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 19th day of October, 2006.

Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Berkeley County Public Service Sewer District on the 19th day of July, 2006.

Dated this 19th day of October, 2006.

[SEAL]

Secretary

09.29.06
067740/00017

EXHIBIT A - SERIES 2006 A BOND FORM

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (WEST VIRGINIA), a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the

payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 200__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____ 1, 200__, the proceeds of which are to be used, together with other funds of the Issuer, (i) to refund all of the Sewer Refunding Revenue Bonds, Series 1996 D, dated June 15, 1996, of the Issuer, outstanding in the total aggregate principal amount of $_____ (the "Series 1996 D Bonds"), which were issued to refinance costs of acquisition and construction of improvements to the public sewerage system of the Issuer (the "System"); (ii) to fund a portion of a Reserve Account for the Bonds (as hereinafter defined) (the remaining portion to be funded with proceeds of the Series 2006 B Bonds); and (iii) to pay certain costs of issuance of the Bonds and the Series 2006 B Bonds and related costs. 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 of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on _____, 2006, and supplemented by a supplemental resolution duly adopted by the Issuer on _____, 2006 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The

Resolution 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 Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

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 WHICH ARE DESIGNATED FIRST LIEN BONDS, AND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS WHICH ARE DESIGNATED SECOND LIEN BONDS:

	DESIGNATION	LIEN POSITION
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")	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

	DESIGNATION	LIEN POSITION
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 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
11.	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	FIRST LIEN

	DESIGNATION	LIEN POSITION
	1997 B BONDS")	
12.	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
13.	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
14.	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
15.	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
16.	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
17.	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
18.	SEWER REVENUE BONDS, SERIES 2002 C (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 28, 2002, ISSUED IN THE ORIGINAL AGGREGATE	FIRST LIEN

	DESIGNATION	LIEN POSITION
	PRINCIPAL AMOUNT OF $30,500,000 (THE "SERIES 2002 C BONDS")	
19.	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
20.	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
21.	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
22.	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
23.	SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED NOVEMBER 30, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,999,600 (THE "SERIES 2004 A 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

THIS BOND IS ALSO ISSUED CONCURRENTLY WITH THE ISSUER'S SEWER REVENUE REFUNDING BONDS, SERIES 2006 B (NON-BANK QUALIFIED) (THE "SERIES 2006 B BONDS"), IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____, AND ON A PARITY WITH THIS BOND.

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 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, the Series 2003 B Bonds, and the Series 2004 A Bonds are hereinafter collectively called the "First Lien Bonds"; and the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2006 A Bonds and the Series 2006 B Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. 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.

This Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of financial guaranty bond insurance issued by _____.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds are not subject to optional redemption prior to _____. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on and after _____, _____, as a whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, are subject to mandatory sinking fund redemption prior to maturing on _____ of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

_____ Bonds Maturing _____

Year ( )	Principal Amount

_____ Bonds Maturing _____

Year ( )	Principal Amount

_____ Bonds Maturing _____

Year ( )	Principal Amount

_____ Bonds Maturing _____

Year ( )	Principal Amount

_____ Bonds Maturing _____

Year ( )	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for

redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. A copy of such notice of redemption shall also be mailed to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) 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 senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Resolution for the Bonds (the "Series 2006 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2006 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, 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 subordinate to the Bonds, including the First Lien Bonds, the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to refund the Series 1996 D Bonds, fund a reserve account for the Bonds, and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other

obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Resolution.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Resolution and the 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 (WEST VIRGINIA) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

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

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

STATEMENT OF INSURANCE

EXHIBIT B - SERIES 2006 B BOND FORM

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. BR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006 B (NON-BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (WEST VIRGINIA), a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest

on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 200__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____ 1, 200___, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay costs in connection with the refunding of all of the Sewer Refunding Revenue Bonds, Series 1996 D, dated June 15, 1996, of the Issuer, outstanding in the total aggregate principal amount of $_____ (the "Series 1996 D Bonds"), which were issued to refinance costs of acquisition and construction of improvements to the public sewerage system of the Issuer (the "System"); (ii) to fund the Reserve Account for the Bonds (as hereinafter defined); and (iii) and to pay certain costs of issuance of the Bonds and the Series 2006 A Bonds and related costs. 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 of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on _____, 2006, and supplemented by a supplemental resolution duly adopted by the Issuer on _____, 2006 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution 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 Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

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 WHICH ARE DESIGNATED FIRST LIEN BONDS, AND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS WHICH ARE DESIGNATED SECOND LIEN BONDS:

	DESIGNATION	LIEN POSITION
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")	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	FIRST LIEN

	DESIGNATION	LIEN POSITION
	(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")	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 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
11.	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

	DESIGNATION	LIEN POSITION
12.	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
13.	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
14.	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
15.	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
16.	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
17.	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
18.	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
19.	SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),	FIRST LIEN

DESIGNATION	LIEN POSITION
DATED AUGUST 28, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,965,465 (THE "SERIES 2002 D BONDS")	
20. 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
21. 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
22. 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
23. SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED NOVEMBER 30, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,999,600 (THE "SERIES 2004 A 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

THIS BOND IS ALSO ISSUED CONCURRENTLY WITH THE ISSUER'S SEWER REVENUE REFUNDING BONDS, SERIES 2006 A (BANK QUALIFIED) (THE "SERIES 2006 A BONDS"), IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____, AND ON A PARITY WITH THIS BOND.

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 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, the Series 2003 B Bonds, and the Series 2004 A Bonds are hereinafter collectively called the "First Lien Bonds"; and the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2006 A Bonds and the Series 2006 B Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. 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.

This Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of financial guaranty bond insurance issued by _____.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds are not subject to optional redemption prior to _____. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on and after _____, _____, as a whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, are subject to mandatory sinking fund redemption prior to maturing on _____ of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

_____ Bonds Maturing _____

Year (___) Principal Amount

_____ Bonds Maturing _____

Year (___) Principal Amount

_____ Bonds Maturing _____

Year (___) Principal Amount

_____ Bonds Maturing _____

Year (___) Principal Amount

_____ Bonds Maturing _____

Year (___) Principal Amount

_____

* Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. A copy of such notice of redemption shall also be mailed to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) 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 senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Resolution for the Bonds (the "Series 2006 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2006 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, 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 subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to the costs of refunding the Series 1996 D Bonds, the costs of issuance of the Series 2006 A Bonds and the Series 2006 B Bonds, and to funding a reserve account for the Series 2006 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Resolution.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Resolution and the 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 (WEST VIRGINIA) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

STATEMENT OF INSURANCE

07.29.06
067740.00017

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE SEWER REFUNDING REVENUE BONDS, SERIES 2006 A (BANK QUALIFIED), AND THE SEWER REFUNDING REVENUE BONDS, SERIES 2006 B (NON-BANK QUALIFIED) OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, Berkeley County Public Service Sewer District (the "Issuer"), in the County of Berkeley, State of West Virginia, is a public service district and public corporation of said State, the governing body of which is this public service board (the "Governing Body");

WHEREAS, the Governing Body duly adopted on July 19, 2006, a resolution (the "Resolution") entitled:

A RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REFUNDING REVENUE BONDS, SERIES 1996 D, OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2006 A (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $4,500,000 AND THE ISSUANCE OF

SEWER REFUNDING REVENUE BONDS, SERIES 2006 B (NON-BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $500,000, THE PROCEEDS OF WHICH SHALL BE EXPENDED TO REFUND THE SERIES 1996 D BONDS AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Resolution provided for the refunding of the Issuer's Sewer Refunding Revenue Bonds, Series 1996 D (the "Series 1996 D Bonds"), dated June 15, 1996, issued in the original aggregate principal amount of $4,770,000 and presently outstanding in the approximate principal amount of $3,865,000, and the issuance by the Issuer of its Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) in the aggregate principal amount of not more than $4,500,000 (the "Series 2006 A Bonds") and the issuance by the Issuer of it's Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified) in the aggregate principal amount of not more than $500,000 (the "Series 2006 B Bonds"), for the purposes of paying a portion of the costs of such refunding, funding all or a portion of a reserve account for the Series 2006 A and Series 2006 B Bonds, and paying costs of issuance thereof, all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Resolution further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2006 A Bonds and the Series 2006 B Bonds should be established by Supplemental Parameters Resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Prepayment Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Series 2006 A Bonds and the Series 2006 B Bonds be provided for by a supplemental parameters resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and as may be required by any

Bond Insurer as a condition to insuring such Series 2006 A Bonds and Series 2006 B Bonds and that other matters pertaining to the Series 2006 A Bonds and the Series 2006 B Bonds be provided for by a supplemental parameters resolution of this Board;

WHEREAS, the Series 2006 A Bonds and the Series 2006 B Bonds are proposed to be purchased by Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Governing Body has determined that, in order to obtain the best possible savings for the District in the current interest rate environment, the Chairman shall be empowered and authorized to execute the Bond Purchase Agreement, within the parameters set forth herein, at such time as the Chairman shall determine most advantageous to the District, or not at all; and

WHEREAS, the Governing Body deems it essential and desirable that this Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Prepayment Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2006 A Bonds and the Series 2006 B Bonds, hereinafter described, be approved, that the Issuer's Chairman be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Board, and that other matters relating to the Series 2006 A Bonds and the Series 2006 B Bonds be herein provided for, and that other matters relating to the Bonds be herein provided for all in accordance with the Resolution;

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

Section 1. A. Pursuant to the Resolution and the Act, this Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2006 A Bonds. The Series 2006 A Bonds shall be issued in the aggregate principal amount not to exceed $4,500,000, bear interest at a rate not to exceed 7%, payable semiannually on April 1 and October 1 of each year, commencing April 1, 2007, shall mature on October 1 in such years, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates (with final maturity no later than October 1, 2014), shall be subject to such redemption provisions, all as shall subsequently be approved by the Chairman; and shall be substantially in the form set forth in the Resolution, provided however, that the specific terms of the Series 2006 A Bonds shall be as determined by the Chairman at the time of the execution of the Bond Purchase Agreement and as approved by

the Chairman in the Certificate of Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2006 A Bonds shall be as provided in the Resolution, and the Series 2006 A Bonds shall be in substantially the form provided in the Resolution.

B. Pursuant to the Resolution and the Act, this Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2006 B Bonds. The Series 2006 B Bonds shall be issued in the aggregate principal amount not to exceed $500,000, bear interest at a rate not to exceed 7%, payable semiannually on April 1 and October 1 of each year, commencing April 1, 2007, shall mature on October 1 in such years, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates (with final maturity no later than October 1, 2014), shall be subject to such redemption provisions, all as shall subsequently be approved by the Chairman; and shall be substantially in the form set forth in the Resolution, provided however, that the specific terms of the Series 2006 B Bonds shall be as determined by the Chairman at the time of the execution of the Bond Purchase Agreement and as approved by the Chairman in the Certificate of Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2006 B Bonds shall be as provided in the Resolution, and the Series 2006 B Bonds shall be in substantially the form provided in the Resolution.

Section 2. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved, and directed. The Chairman is hereby empowered and authorized to execute the Bond Purchase Agreement on behalf of the District at such time as the Chairman shall determine to be most advantageous, provided however, that the net present value savings of the refunding authorized through the execution of the Bond Purchase Agreement shall not be less than 2.5%. The Chairman shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Bond Purchase Agreement by the Chairman shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2006 A Bonds and the Series 2006 B Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 3. The Prepayment Agreement by and between the West Virginia Municipal Bond Commission and the Issuer, dated the date of delivery of the Series 2006 A Bonds and the Series 2006 B Bonds, substantially in the forms submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved, and directed. The Chairman shall execute and deliver the Prepayment Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Prepayment Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 4. The Issuer does hereby approve the transfer of all of the monies from the Series 1996 D Bonds Reserve Account, currently in the amount of $331,093.76, held by the West Virginia Municipal Bond Commission, to the Series 1996 D Bonds Sinking Fund to provide sufficient funds, in addition to the proceeds of the Series 2006 A Bonds, to defease the Series 1996 D Bonds.

Section 5. The Continuing Disclosure Agreement from the Issuer, to be dated as of the date of delivery of the Series 2006 A Bonds and the Series 2006 B Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved and directed. The Chairman shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Continuing Disclosure Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 6. The Official Statement to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Chairman), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Chairman shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Official Statement by the Chairman shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Chairman is hereby ratified and approved.

Section 7. The Registrar Agreement by and between the Issuer and the Registrar designated herein, to be dated as of the date of delivery of the Series 2006 A Bonds and the Series 2006 B Bonds, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Chairman shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Registrar Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 8. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2006 A Bonds and the Series 2006 B Bonds.

Section 9. The Issuer does hereby appoint and designate United Bank, Inc., Charleston, West Virginia, for the purpose of serving in the capacity of Registrar and Susquehanna Bank, Martinsburg, West Virginia, as Depository Bank.

Section 10. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 11. The notice addresses for the Registrar, Paying Agent and Original Purchaser shall be as follows:

REGISTRAR

United Bank, Inc.
500 Virginia Street, East
Charleston, West Virginia 25301
Attention: Corporate Trust Department

PAYING AGENT

West Virginia Municipal Bond Commission
#8 Capitol Street, Suite 500
Charleston, West Virginia 25301
Attention: Chairman

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301
Attention: Vice President

Section 12. Prior to the execution of the Bond Purchase Agreement, the Chairman shall obtain a certification from the Original Purchaser of the Series 2006 A Bonds and the Series 2006 B Bonds that the terms of the Bonds agreed to in the Bond Purchase Agreement result in a net savings to the Issuer after deducting all expenses of the refundings. Prior to delivery of the Series 2006 A Bonds, the Issuer shall have obtained from Yount, Hyde & Barbour, P.C., or such other independent certified public accountant acceptable to the Chairman, a certification that the amount of savings stated to be achieved by the refunding shall in fact be correct, based upon their review, comparison and analysis of the total net debt service in dollars of the Series 2006 A Bonds and the Series 2006 B Bonds and the remaining total net debt service in dollars of the Series 1996 D Bonds. The Chairman is hereby authorized and directed to employ Yount, Hyde & Barbour, P.C., Winchester, Virginia, or such other independent certified public accountant satisfactory to Bond Counsel, to supply the certification required herein and to take other actions required in connection with the refunding.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2006 A Bond issue and the Series 2006 B Bond issue to the end that the Series 2006 A Bonds and the Series 2006 B Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 14. This Supplemental Parameters Resolution shall be effective immediately.

Adopted this 19th day of July, 2006.

Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Parameters Resolution duly adopted by the Public Service Board of BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT on the 19th day of July, 2006.

Dated this 19th day of October, 2006.

[SEAL]

Secretary

10.09.06
067740.00017

EXHIBIT A - FORM OF CERTIFICATE OF DETERMINATIONS

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS,
SERIES 2006 A AND SERIES 2006 B

CERTIFICATE OF DETERMINATIONS

The undersigned, _____, Chairman of Berkeley County Public Service Sewer District (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Public Service Board of the Issuer on July 19, 2006 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) and Series 2006 B (Non-Bank Qualified) (collectively, the "Series 2006 Bonds"), hereby finds and determines as follows:

1. The Series 2006 Bonds shall be dated _____ 1, 2006 and shall bear interest on April 1 and October 1 of each year commencing October 1, 2006.

2. The Series 2006 A Bonds shall be issued in the aggregate principal amount of $_____, at a true interest cost of _____%. The Series 2006 B Bonds shall be issued in the aggregate principal amount of $_____, at a true interest cost of _____%. Such interest rates do not exceed 7%, being the maximum interest rate authorized by the Supplemental Parameters Resolution. The net present value benefit is_____% of the Series 2006 A Bonds and Series 2006 B Bonds principal amount which exceeds the 2.5% required by the Supplemental Parameters Resolution.

3. The Series 2006 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2006 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2006 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. (A) The Series 2006 A Bonds shall be sold to Crews & Associates, Incorporated (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue

premium of $_____), plus interest accrued of $_____ on the Series 2006 A Bonds from ____ 1, 2006 to _____, 2006 (the "Closing Date").

(B) The Series 2006 B Bonds shall be sold to the Underwriter, pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $_____), plus interest accrued of $_____ on the Series 2006 B Bonds from _____ 1, 2006 to _____, 2006 (the "Closing Date").

7. Based upon the actual principal amount, maturity schedule and interest rates for the Series 2006 Bonds, attached hereto, it is hereby determined that the Series 2006 Bonds show a net savings to the Issuer after deducting all expenses of the refunding.

8. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Prepayment Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2006 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2006 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS my signature this 19th day of October, 2006.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: _____
Its: Chairman

10.18.06
067740.00017

Schedule 1

Maturity Schedule

SERIES 2006 A BOND TERMS

Bond No.	Maturity Date	Principal Amount	Interest Rate	Price or Yield

SERIES 2006 B BOND TERMS

Bond No.	Maturity Date	Principal Amount	Interest Rate	Price or Yield

Schedule 2

Series 2006 A Bonds Redemption Provisions:

Series 2006 B Bonds Redemption Provisions:

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS,
SERIES 2006 A AND SERIES 2006 B

CERTIFICATE OF DETERMINATIONS

The undersigned, John Kunkle, Chairman of Berkeley County Public Service Sewer District (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Public Service Board of the Issuer on July 19, 2006 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) and Series 2006 B (Non-Bank Qualified) (collectively, the "Series 2006 Bonds"), hereby finds and determines as follows:

1. The Series 2006 Bonds shall be dated October1, 2006 and shall bear interest on April 1 and October 1 of each year commencing April 1, 2007.

2. The Series 2006 Bonds shall be issued in the aggregate principal amount of $3,900,000, at a true interest cost of 4.6577172%. Such interest rates do not exceed 7%, being the maximum interest rate authorized by the Supplemental Parameters Resolution. The net present value benefit is 4.943% of the Series 2006 A Bonds and Series 2006 B Bonds principal amount which exceeds the 2.5% required by the Supplemental Parameters Resolution.

3. The Series 2006 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2006 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2006 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule I attached hereto and incorporated herein.

6. The Series 2006 Bonds shall be sold to Crews & Associates, Inc. (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $3,830,305.90 (representing par value less an Underwriter's discount of $78,000 and an original issue discount of $84.10), plus interest accrued of $8,390 on the Series 2006 Bonds from October 1, 2006 to October 19, 2006 (the "Closing Date").

7. Based upon the actual principal amount, maturity schedule and interest rates for the Series 2006 Bonds, attached hereto, it is hereby determined that the Series 2006 Bonds show a net savings to the Issuer after deducting all expenses of the refunding.

8. The forms of the Bond Purchase Agreement, the Continuing Disclosure Certificate, the Prepayment Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2006 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2006 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS my signature this 6th day of October, 2006.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: _____
Its: Chairman

10.05.06
067740.00017

CH851328.1

SCHEDULE I

SERIES 2006 A BOND TERMS

SERIAL BONDS

Bond No.	CUSIP	Maturity Date	Principal Amount	Interest Rate	Yield
AR-1	084249 AY 7	10/01/2007	75,000.00	3.800%	100.000%
AR-2	084249 AZ 4	10/01/2008	145,000.00	3.800%	99.942%
AR-3	084249 BA 8	10/01/2009	155,000.00	3.850%	100.000%
AR-4	084249 BB 6	10/01/2010	160,000.00	3.900%	100.000%
AR-5	084249 BC 4	10/01/2011	170,000.00	3.950%	100.000%
AR-6	084249 BD 2	10/01/2012	170,000.00	4.000%	100.000%
AR-7	084249 BE 0	10/01/2013	180,000.00	4.050%	100.000%
AR-8	084249 BF 7	10/01/2014	190,000.00	4.100%	100.000%
AR-9	084249 BG 5	10/01/2015	195,000.00	4.150%	100.000%
AR-10	084249 BH 3	10/01/2016	205,000.00	4.200%	100.000%
AR-11	084249 BJ 9	10/01/2017	210,000.00	4.250%	100.000%
AR-12	084249 BK 6	10/01/2018	220,000.00	4.300%	100.000%
AR-13	084249 BL 4	10/01/2019	230,000.00	4.350%	100.000%
AR-14	084249 BM 2	10/01/2020	240,000.00	4.400%	100.000%
AR-15	084249 BN 0	10/01/2021	250,000.00	4.500%	100.000%

TERM BONDS

$235,000 4.80% Series 2006 A Term Bonds due October 1, 2025 at 100% 084249BP5

SERIES 2006 B BOND TERMS

SERIAL BONDS

Bond No.	CUSIP	Maturity Date	Principal Amount	Interest Rate	Yield
BR-1	084249 BQ3	10/01/2025	235,000.00	4.800%	100.000%

REDEMPTION PROVISIONS

Extraordinary Redemption The Bonds shall also be subject to redemption if there should occur any damage to or destruction of the System or any condemnation of title to or the use of the System, the applicable Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

Optional Redemption. The Bonds maturing on or after October 1, 2012, are subject to redemption at the option of the Issuer, prior to maturity, on and after April 1, 2012, in whole or in part at any time from amounts deposited with the Bond Commission by the Issuer or from other funds available therefore a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Bonds shall be called for optional redemption, the particular maturities of the Bonds to be redeemed shall be selected by the District in such manner, as it shall determine. So long as the Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Bonds to be credited with any partial redemption shall be made as described herein under "BOOK ENTRY ONLY SYSTEM."

Mandatory Sinking Fund Redemption. The Series 2006 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturing in part from moneys on deposit in the Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the mandatory redemption date, on October 1, 2022, and on each October 1 thereafter to and including October 1, 2025, in annual principal amount as follows:

Bonds Maturing October 1, 2025

Year (October 1)	Principal Amount
2022	$260,000
2023	270,000
2024	290,000
2025*	50,000

* Final Maturity

$3,905,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION MODIFYING THE SUPPLEMENTAL PARAMETERS RESOLUTION REGARDING CERTAIN PROVISIONS RELATING TO THE PREPAYMENT AGREEMENT; APPROVING THE TRANSFER OF THE SERIES 1996 D BONDS RESERVE ACCOUNT INVESTMENT; APPROVING A CONFORMED ORDINANCE; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Board of the Berkeley County Public Service Sewer District (the "Issuer") adopted its Supplemental Parameters Resolution regarding the Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) and the Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified) (collectively, the "Series 2006 Bonds") on July 19, 2006 (the "Supplemental Parameters Resolution");

WHEREAS, the Supplemental Parameters Resolution set forth the Prepayment Agreement to be entered into between the District and the West Virginia Municipal Bond Commission (the "Commission") and said Prepayment Agreement must be revised to be entered into between the District, the Commission and the Bank of New York (successor to One Valley Bank, National Association, corporate trust services), as the Paying Agent under the Series 1996 D Bonds Resolution;

WHEREAS, the Supplemental Parameters Resolution approved the transfer of monies from the Series 1996 D Bonds Reserve Account, however, the District desires to maintain the investment agreement for the Series 1996 D Bonds Reserve Account with Lehman Brothers, and pay a fee in order to transfer the investment agreement for the Series 1996 D Bonds Reserve Account to the Series 2006 Bonds Reserve Account on April 1, 2007;

WHEREAS, the Issuer desires to approve the transfer of monies from the Series 1996 D Bonds Sinking Fund to the Commission and the Paying Agent for the Series 1996 D Bonds to provide sufficient funds, in addition to the proceeds of the Series 2006 Bonds to defease the Series 1996 D Bonds on the Closing Date;

WHEREAS, the Issuer desires to approve a Conformed Resolution; and

WHEREAS, the Board deems it essential and desirable that this Second Supplemental Resolution be adopted and that the Prepayment Agreement be revised, the transfer of the investment agreement from the Series 1996 D Bonds Reserve Account to the Series 2006 Bonds Reserve Account be approved, and a Conformed Resolution be approved and all actions be ratified by the Issuer;

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

1. This Second Supplemental Resolution is hereby adopted and it is hereby authorized and ordered that the Prepayment Agreement be entered into between the District, the Commission and the Bank of New York (successor to One Valley Bank, National Association, corporate trust services), as the Paying Agent under the Series 1996 D Bonds Resolution;

2. The Issuer does hereby approve the continuance of the investment agreement with Lehman Brothers for the Series 1996 D Bonds Reserve Account to the Series 2006 Bonds Reserve Account and does hereby approve the payment of a fee in the amount of $7,650 to Lehman Brothers in order to continue said agreement. By paying said fee, the Issuer does hereby approve the transfer of the investment agreement from the Series 1996 D Bonds Reserve Account to the Series 2006 Bonds Reserve Account on April 1, 2007, in order to fully fund the Series 2006 Bonds Reserve Account.

3. The Issuer does hereby approve the transfer of monies on October 23, 2006, from the Series 1996 D Bonds Sinking Fund in the amount of $85,441.73, together with proceeds of the Series 2006 Bonds in the amount of $3,762,372.12 to the Paying Agent for the Series 1996 D Bonds, being the Bank of New York, to provide sufficient funds, in addition to the proceeds of the Series 2006 Bonds to defease the Series 1996 D Bonds on November 1, 2006;

4. The Issuer does hereby approve the Conformed Resolution, attached hereto as Exhibit A;

5. This Resolution shall be effective immediately following adoption hereof.

Adopted this 17th day of October, 2006.

John C. [illegible]

Chairman

CERTIFICATION

Certified a true copy of a Second Supplemental Resolution duly adopted by the Board of the Berkeley County Public Service District on the 17th day of October, 2006.

Dated: October 19, 2006.

[SEAL]

Secretary

10/16/06
067780.00004

CH851337.1

EXHIBIT A

CONFORMED RESOLUTION

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (WEST VIRGINIA)

CONFORMED ORDINANCE

A RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REFUNDING REVENUE BONDS, SERIES 1996 D, OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2006 A (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $4,500,000 AND THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2006 B (NON-BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $500,000, THE PROCEEDS OF WHICH SHALL BE EXPENDED TO REFUND THE SERIES 1996 D BONDS AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, 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;

WHEREAS, the Issuer presently owns and operates a public sewerage collection and treatment system (the "System") in Berkeley County;

WHEREAS, the Issuer is advised that present value debt service savings will be realized as a result of the refunding of certain outstanding bonds of the Issuer, specifically the Issuer's Sewer Refunding Revenue Bonds, Series 1996 D (the "Series 1996 D Bonds"), dated June 15, 1996, issued in the original aggregate principal amount of $4,770,000 and presently outstanding in the approximate principal amount of 3,865,000;

WHEREAS, the Series 1996 D Bonds were issued pursuant to a resolution of the Issuer duly adopted on June 11, 1996, as supplemented by a resolution of the Issuer duly adopted on June 11, 1996 (collectively, the "1996 D Resolution");

WHEREAS, under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to issue refunding revenue bonds for the purpose of retiring or refinancing all or any part of the outstanding Series 1996 D Bonds;

WHEREAS, the Issuer has determined and hereby determines that it would therefore be to the benefit of the Issuer and its customers to refund the Series 1996 D Bonds, and to pay costs in connection therewith, in the manner set forth herein, with proceeds of two series of bonds, the first to be designated "Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)" (the "Series 2006 A Bonds"), in the maximum aggregate principal amount of not more than $4,500,000, and the second to be designated "Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)" (the "Series 2006 B Bonds" and, collectively with the Series 2006 A Bonds, the "Series 2006 Bonds"), in the maximum aggregate principal amount of not more than $500,000, and other monies of the Issuer;

WHEREAS, in addition to the Series 1996 D Bonds, there are outstanding obligations of the Issuer (hereinafter collectively, the "Prior Bonds") which are designated and have the lien positions with respect to the Net Revenues of the sewerage system of the Issuer 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 of $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	First Lien

	Designation	Lien Position
	aggregate principal amount of $837,579 (the "Series 1996 C Bonds")	
10.	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
11.	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
12.	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
13.	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
14.	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
15.	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
16.	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
17.	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	First Lien

	Designation	Lien Position
	2002 B Bonds")	
18.	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
19.	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
20.	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
21.	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
22.	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
23.	Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated November 30, 2004, issued in the original aggregate principal amount of $1,999,600 (the "Series 2004 A 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 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, the Series 2003 B Bonds, and the Series 2004 A Bonds are hereinafter collectively called the "First Lien Bonds"; and 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~~,~~ and the Second ~~Lien Bonds and the Third~~ Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2006 A Bonds and the Series 2006 B 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. 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.

WHEREAS, the Issuer now desires to authorize the refunding of the Series 1996 D Bonds as aforesaid, and to provide for the financing thereof by the issuance of the Series 2006 A Bonds and the Series 2006 B Bonds as hereinafter provided;

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Resolution and not otherwise defined in the recitals or in the text hereof shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2006 A Bonds and Series 2006 B Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer and Redemption Digest.

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

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder of the Bonds," "Owner of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

"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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2006 A Bonds, the Series 2006 B Bonds, the First Lien Bonds, and the Second Lien Bonds~~, the Third Lien Bonds,~~ and any

additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2006 A Bonds and the Series 2006 B Bonds, respectively, in substantially the forms set forth in EXHIBIT A - SERIES 2006 A BOND FORM and EXHIBIT B - SERIES 2006 B BOND FORM, both attached hereto.

"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 2006 A Bonds and the Series 2006 B Bonds for the proceeds representing the respective original purchase prices thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Series 1996 D Bonds (specifically including, but not limited to, the Redemption Price of the Series 1996 D Bonds), interest accruing or to accrue thereon, redemption premiums, premiums for bond insurance and reserve account insurance, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 2006 A Bonds and the Series 2006 B Bonds and the refunding of the Series 1996 D Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means the Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 2006 A Bonds and the Series 2006 B Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

"Event of Default" means any occurrence or event specified in Section 7.01.

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

~~"Financial Guaranty Insurance Policy" means the financial guaranty insurance policy, if any, issued by a Bond Insurer simultaneously with the delivery of the Series 2006 A Bonds and the Series 2006 B Bonds, insuring the payment of the principal of and interest on all or any of the Series 2006 A Bonds and the Series 2006 B Bonds in accordance with the terms thereof.~~

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

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

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

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

"Independent Certified Public Accountant" 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 purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

"Net Proceeds" means the face amount of the Series 2006 A Bonds and the Series 2006 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series ~~2006 A and Series 2006 B Bonds~~2006 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 2006 A Bonds and the Series 2006 B 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 which is acquired with the gross proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2006 A Bonds or the Series 2006 B Bonds.

"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.

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

"Original Purchaser" means Crews & Associates, Inc., Charleston, West Virginia, as the purchaser of the Series 2006 A Bonds and the Series 2006 B Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2006 A Bonds or the Series 2006 B Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2006 A Bonds or the Series 2006 B Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2006 A Bonds and the Series 2006 B Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2006 A Bonds and Series 2006 B Bonds.

"Outstanding," when used with reference to the Series 2006 A Bonds and the Series 2006 B Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as a Bond Insurer has been reimbursed in full.

"Paying Agent" means the Registrar or other entity designated as such for the Series 2006 A Bonds and the Series 2006 B Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 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 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; the resolution of the Issuer adopted July 29, 2003, authorizing the Series 2003 A Bonds and the Series 2003 B Bonds; and the resolution of the Issuer adopted on October 19, 2004, authorizing the Series 2004 A Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit

and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Purchase Price," for the purpose of computation of the Yield of the Series 2006 A Bonds and the Series 2006 B Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2006 A Bonds and the Series 2006 B Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2006 A Bonds or the Series 2006 B Bonds of each maturity is sold or, if the Series 2006 A Bonds or the Series 2006 B Bonds are privately placed, the price paid by the first buyer of the Series 2006 A Bonds or the Series 2006 B Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2006 A Bonds or the Series 2006 B Bonds.

"Qualified Investments" means and includes any of the following, unless otherwise set forth in the Supplemental Resolution:

(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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by

Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Rebate Fund" means the Rebate Fund created by Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated in the Series 2006 A Bonds and the Series 2006 B Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of any Bonds of the Issuer called for redemption.

"Redemption Price" means the price at which any Bonds of the Issuer may be called for redemption and includes the principal of and interest on such Bonds to be redeemed, plus the interest and premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2006 A Bonds and the Series 2006 B Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

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

"Reserve Accounts" means the ~~respective~~ Reserve Accounts established for the Series 2006 A and Series 2006 B Bonds and the Prior Bonds.

"Resolution" means this Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

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

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

"Series 2006 Bonds" means, collectively, the Series 2006 A Bonds and the Series 2006 B Bonds.

~~"Series 2006 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.~~

~~"Series 2006 A Bonds Redemption Account" means the Series 2006 A Bonds Redemption Account created by Section 4.02 hereof.~~

~~"Series 2006 A and Series 2006 B Bonds~~ "Series 2006 Bonds Reserve Account" means the Series ~~2006 A and the Series 2006 B Bonds~~2006 Bonds Reserve Account created by Section 4.02 hereof.

"Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2006 A Bonds and the Series 2006 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2006 A Bonds and the Series 2006 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2006 A Bonds and the Series 2006 B Bonds.

"Series 2006 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2006 A Bonds Redemption Account" means the Series 2006 A Bonds Redemption Account created by Section 4.02 hereof.

"Series 2006 A Bonds Sinking Fund" means the Series 2006 A Bonds Sinking Fund created by Section 4.02 hereof.

"Series 2006 B Bonds" means the Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2006 B Bonds Redemption Account" means the Series 2006 B Bonds Redemption Account created by Section 4.02 hereof.

"Series 2006 B Bonds Sinking Fund" means the Series 2006 B Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2006 A Bonds, the Series 2006 B Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following adoption of this Resolution, setting forth the final amounts, maturities, interest rates and other terms of the Series 2006 A Bonds and the Series 2006 B Bonds and authorizing the sale of the Series 2006 A Bonds and

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (WEST VIRGINIA)

CONFORMED ORDINANCE

A RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REFUNDING REVENUE BONDS, SERIES 1996 D, OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2006 A (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $4,500,000 AND THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2006 B (NON-BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $500,000, THE PROCEEDS OF WHICH SHALL BE EXPENDED TO REFUND THE SERIES 1996 D BONDS AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, 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;

WHEREAS, the Issuer presently owns and operates a public sewerage collection and treatment system (the "System") in Berkeley County;

WHEREAS, the Issuer is advised that present value debt service savings will be realized as a result of the refunding of certain outstanding bonds of the Issuer, specifically the Issuer's Sewer Refunding Revenue Bonds, Series 1996 D (the "Series 1996 D Bonds"), dated June 15, 1996, issued in the original aggregate principal amount of $4,770,000 and presently outstanding in the approximate principal amount of 3,865,000;

WHEREAS, the Series 1996 D Bonds were issued pursuant to a resolution of the Issuer duly adopted on June 11, 1996, as supplemented by a resolution of the Issuer duly adopted on June 11, 1996 (collectively, the "1996 D Resolution");

WHEREAS, under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to issue refunding revenue bonds for the purpose of retiring or refinancing all or any part of the outstanding Series 1996 D Bonds;

WHEREAS, the Issuer has determined and hereby determines that it would therefore be to the benefit of the Issuer and its customers to refund the Series 1996 D Bonds, and to pay costs in connection therewith, in the manner set forth herein, with proceeds of two series of bonds, the first to be designated "Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)" (the "Series 2006 A Bonds"), in the maximum aggregate principal amount of not more than $4,500,000, and the second to be designated "Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)" (the "Series 2006 B Bonds" and, collectively with the Series 2006 A Bonds, the "Series 2006 Bonds"), in the maximum aggregate principal amount of not more than $500,000, and other monies of the Issuer;

WHEREAS, in addition to the Series 1996 D Bonds, there are outstanding obligations of the Issuer (hereinafter collectively, the "Prior Bonds") which are designated and have the lien positions with respect to the Net Revenues of the sewerage system of the Issuer 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 of $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	First Lien

	Designation	Lien Position
	aggregate principal amount of $837,579 (the "Series 1996 C Bonds")	
10.	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
11.	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
12.	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
13.	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
14.	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
15.	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
16.	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
17.	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	First Lien

	Designation	Lien Position
	2002 B Bonds")	
18.	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
19.	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
20.	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
21.	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
22.	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
23.	Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated November 30, 2004, issued in the original aggregate principal amount of $1,999,600 (the "Series 2004 A 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 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, the Series 2003 B Bonds, and the Series 2004 A Bonds are hereinafter collectively called the "First Lien Bonds"; and 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, and the Second ~~Lien Bonds and the Third~~ Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2006 A Bonds and the Series 2006 B 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. 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.

WHEREAS, the Issuer now desires to authorize the refunding of the Series 1996 D Bonds as aforesaid, and to provide for the financing thereof by the issuance of the Series 2006 A Bonds and the Series 2006 B Bonds as hereinafter provided;

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Resolution and not otherwise defined in the recitals or in the text hereof shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2006 A Bonds and Series 2006 B Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer and Redemption Digest.

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

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder of the Bonds," "Owner of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

"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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2006 A Bonds, the Series 2006 B Bonds, the First Lien Bonds, and the Second Lien Bonds~~, the Third Lien Bonds,~~ and any

additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2006 A Bonds and the Series 2006 B Bonds, respectively, in substantially the forms set forth in EXHIBIT A - SERIES 2006 A BOND FORM and EXHIBIT B - SERIES 2006 B BOND FORM, both attached hereto.

"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 2006 A Bonds and the Series 2006 B Bonds for the proceeds representing the respective original purchase prices thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Series 1996 D Bonds (specifically including, but not limited to, the Redemption Price of the Series 1996 D Bonds), interest accruing or to accrue thereon, redemption premiums, premiums for bond insurance and reserve account insurance, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 2006 A Bonds and the Series 2006 B Bonds and the refunding of the Series 1996 D Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means the Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 2006 A Bonds and the Series 2006 B Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

"Event of Default" means any occurrence or event specified in Section 7.01.

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

~~"Financial Guaranty Insurance Policy" means the financial guaranty insurance policy, if any, issued by a Bond Insurer simultaneously with the delivery of the Series 2006 A Bonds and the Series 2006 B Bonds, insuring the payment of the principal of and interest on all or any of the Series 2006 A Bonds and the Series 2006 B Bonds in accordance with the terms thereof.~~

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

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

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

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

"Independent Certified Public Accountant" 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 purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

"Net Proceeds" means the face amount of the Series 2006 A Bonds and the Series 2006 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series ~~2006 A and Series 2006 B Bonds~~2006 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 2006 A Bonds and the Series 2006 B 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 which is acquired with the gross proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2006 A Bonds or the Series 2006 B Bonds.

"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.

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

"Original Purchaser" means Crews & Associates, Inc., Charleston, West Virginia, as the purchaser of the Series 2006 A Bonds and the Series 2006 B Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2006 A Bonds or the Series 2006 B Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2006 A Bonds or the Series 2006 B Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2006 A Bonds and the Series 2006 B Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2006 A Bonds and Series 2006 B Bonds.

"Outstanding," when used with reference to the Series 2006 A Bonds and the Series 2006 B Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as a Bond Insurer has been reimbursed in full.

"Paying Agent" means the Registrar or other entity designated as such for the Series 2006 A Bonds and the Series 2006 B Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 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 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; the resolution of the Issuer adopted July 29, 2003, authorizing the Series 2003 A Bonds and the Series 2003 B Bonds; and the resolution of the Issuer adopted on October 19, 2004, authorizing the Series 2004 A Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit

and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Purchase Price," for the purpose of computation of the Yield of the Series 2006 A Bonds and the Series 2006 B Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2006 A Bonds and the Series 2006 B Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2006 A Bonds or the Series 2006 B Bonds of each maturity is sold or, if the Series 2006 A Bonds or the Series 2006 B Bonds are privately placed, the price paid by the first buyer of the Series 2006 A Bonds or the Series 2006 B Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2006 A Bonds or the Series 2006 B Bonds.

"Qualified Investments" means and includes any of the following, unless otherwise set forth in the Supplemental Resolution:

(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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by

Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Rebate Fund" means the Rebate Fund created by Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated in the Series 2006 A Bonds and the Series 2006 B Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of any Bonds of the Issuer called for redemption.

"Redemption Price" means the price at which any Bonds of the Issuer may be called for redemption and includes the principal of and interest on such Bonds to be redeemed, plus the interest and premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2006 A Bonds and the Series 2006 B Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

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

"Reserve Accounts" means the respective Reserve Accounts established for the Series 2006 A and Series 2006 B Bonds and the Prior Bonds.

"Resolution" means this Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

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

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

"Series 2006 Bonds" means, collectively, the Series 2006 A Bonds and the Series 2006 B Bonds.

~~"Series 2006 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.~~

~~"Series 2006 A Bonds Redemption Account" means the Series 2006 A Bonds Redemption Account created by Section 4.02 hereof.~~

~~"Series 2006 A and Series 2006 B Bonds~~ "Series 2006 Bonds Reserve Account" means the Series ~~2006 A and the Series 2006 B Bonds~~2006 Bonds Reserve Account created by Section 4.02 hereof.

"Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2006 A Bonds and the Series 2006 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2006 A Bonds and the Series 2006 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2006 A Bonds and the Series 2006 B Bonds.

"Series 2006 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2006 A Bonds Redemption Account" means the Series 2006 A Bonds Redemption Account created by Section 4.02 hereof.

"Series 2006 A Bonds Sinking Fund" means the Series 2006 A Bonds Sinking Fund created by Section 4.02 hereof.

"Series 2006 B Bonds" means the Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2006 B Bonds Redemption Account" means the Series 2006 B Bonds Redemption Account created by Section 4.02 hereof.

"Series 2006 B Bonds Sinking Fund" means the Series 2006 B Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2006 A Bonds, the Series 2006 B Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following adoption of this Resolution, setting forth the final amounts, maturities, interest rates and other terms of the Series 2006 A Bonds and the Series 2006 B Bonds and authorizing the sale of the Series 2006 A Bonds and

the Series 2006 B Bonds to the Original Purchaser and setting forth provisions specific to the Bond Insurer, if any; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

"System" means the complete public sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with thesystem, and shall include any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa; and any requirement for execution or attestation of the Bond or any certificate or other document by the Chairman or the Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. The Governing Body hereby finds and determines as follows:

A. The Issuer intends to refund the Series 1996 D Bonds in their entirety, and pay costs in connection therewith, with proceeds of the Series 2006 A Bonds, the Series

2006 B Bonds and other funds of the Issuer, to issue the Series 2006 A Bonds and the Series 2006 B Bonds and to pledge the Net Revenues of the System for payment thereof on a parity with one another and with the First Lien Bonds and senior and prior to the Second Lien Bonds ~~and the Third Lien Bonds~~.

B. The Series 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B Bonds on a senior and prior basis to the Second Lien Bonds. ~~Prior to the issuance of the Series 2006 A Bonds and the Series 2006 B Bonds, the Issuer will provide written notice to the Holders of the Third Lien Bonds regarding the issuance of the Series 2006 A Bonds and the Series 2006 B 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.

C. The estimated revenues to be derived in each year from the operation of the System after the refunding and defeasance of the Series 1996 D Bonds will be sufficient to pay all Operating Expenses of the System and the principal of and interest on the Series 2006 A Bonds, the Series 2006 B Bonds, and the Prior Bonds and to make all other payments provided for in this Resolution.

D. Based upon the assumed principal amount, maturity schedule and interest rates for the Series 2006 A Bonds and the Series 2006 B Bonds presented to the Issuer by the Original Purchaser, and after making allowance for the use of cash on hand of the Issuer, the Series 2006 A Bonds and the Series 2006 B Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding of the Series 1996 D Bonds and the costs of issuing the Series 2006 A Bonds and the Series 2006 B Bonds.

E. The Issuer shall not sell the Series 2006 A Bonds or the Series 2006 B Bonds without setting forth in the Supplemental Resolution the determination set forth in paragraph D above, based upon the actual principal amount, maturity schedule and interest rates for the Series 2006 A Bonds and the Series 2006 B Bonds, and the Issuer shall not issue the Series 2006 A Bonds or the Series 2006 B Bonds without having obtained from an Independent Certified Public Accountant a certification that the amount of savings stated to be achieved by the refunding shall in fact be saved, based upon their review, comparison and

analysis of the net interest cost in dollars of the Series 2006 A Bonds and the Series 2006 B Bonds and the net interest cost in dollars of the Series 1996 D Bonds.

F. Subject to the determination and certification required by paragraph E above, it is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2006 A Bonds and secure the Series 2006 A Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the monies in the Series 2006 A Bonds Sinking Fund and the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account, unexpended proceeds of the Series 2006 A Bonds and as further set forth herein.

Subject to the determination and certification required by paragraph E above, it is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2006 B Bonds and secure the Series 2006 B Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the monies in the Series 2006 B Bonds Sinking Fund and the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account, unexpended proceeds of the Series 2006 B Bonds and as further set forth herein.

G. The Series 2006 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - SERIES 2006 A BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

The Series 2006 B Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT B - SERIES 2006 B BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

H. All things necessary to make the Series 2006 A Bonds and the Series 2006 B Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2006 A Bonds and the Series 2006 B Bonds, will be timely done and duly performed.

I. The adoption of this Resolution, and the execution and issuance of the Series 2006 A Bonds and the Series 2006 B Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2006 A Bonds and the Series 2006 B Bonds by those who shall own

or hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of such Bondholders of any and all of such Series 2006 A Bonds or Series 2006 B Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding of Series 1996 D Bonds. All Series 1996 D Bonds Outstanding as of the date of issuance of the Series 2006 A Bonds and Series 2006 B Bonds are hereby ordered to be refunded, and the pledge of Net Revenues in favor of the Holders of the Series 1996 D Bonds imposed by the resolution authorizing the issuance thereof, the monies in the funds and accounts pledged to payment of the Series 1996 D Bonds, and any other funds pledged to repayment of the Series 1996 D Bonds are hereby ordered terminated, discharged and released upon the payment to the Bond Commission for deposit in the Series 1996 D Bonds Sinking Fund from the proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds and from other monies available therefor, of the following: (a) an amount equal to the fiscal and paying agent charges to become due and payable in connection with the Series 1996 D Bonds; and (b) an amount which will provide for the payment of the principal of and interest on the Series 1996 D Bonds, plus the premium, if any, as of _____, 2006. Contemporaneously with the deposit of the proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds and other monies into the Series 1996 D Bonds Sinking Fund, the amounts on deposit in the sinking fund, including the reserve account therein, created and maintained on behalf of the Series 1996 D Bonds shall be released from the lien created by the resolution authorizing issuance thereof and deposited in the Series 2006 A Bonds Sinking Fund, the Series 2006 B Bonds Sinking Fund, the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account or such other fund or account as shall be set forth in the Supplemental Resolution and invested as provided therein.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Bonds issued pursuant to this Resolution after the issuance of the Series 2006 A Bonds or the Series 2006 B Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. Series 2006 Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2006 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2006 Bonds shall be in default, Bonds issued in exchange for Series 2006 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2006 Bonds surrendered.

The principal of and the premium, if any, on the Series 2006 Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2006 Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $500,000 or more of the Series 2006 Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2006 Bonds are redeemed in part, such bonds shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Bond in the principal amount of said Series 2006 Bonds then Outstanding.

Section 3.02. Execution of Bonds . The Series 2006 Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2006 Bonds shall cease to be such officer of the Issuer before the Series 2006 Bonds so signed and sealed have been actually sold and delivered, such Series 2006 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2006 Bonds had not ceased to hold such office. Any Series 2006 Bonds may be signed and sealed on behalf of

the Issuer by such person as at the actual time of the execution of such Series 2006 Bonds shall hold the proper office in the Issuer, although at the date of such Series 2006 Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2006 Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Series 2006 Bonds, substantially in the form set forth in EXHIBIT A - SERIES 2006 A BOND FORM attached hereto and incorporated herein by reference with respect to the Series 2006 A Bonds, and in EXHIBIT B - SERIES 2006 B BOND FORM attached hereto and incorporated herein by reference with respect to the Series 2006 B Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2006 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Series 2006 Bonds shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2006 Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2006 A Bonds and the Series 2006 B Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Series 2006 Bonds, shall be conclusively deemed to have agreed that such Series 2006 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2006 Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2006 A Bonds or Series 2006 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2006 Bonds. Series 2006 Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2006 Bond, there shall be issued at the option of the Holder or the transferee another Series 2006 Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Series 2006 Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2006 Bonds may at the

option of the Holder thereof be exchanged for an equal aggregate principal amount of Series 2006 Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2006 A Bond or a Series 2006 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2006 Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2006 Bonds, the initial exchange of Series 2006 Bonds and exchanges of Series 2006 Bonds in the event of partial redemption of fully registered Series 2006 Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2006 Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2006 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2006 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Series 2006 Bond of like series, maturity and principal amount as the Series 2006 Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Series 2006 Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Series 2006 Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2006 Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Series 2006 Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Series 2006 Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2006 Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Series 2006 Bonds be at any time found by any one, and such duplicate Series 2006 Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued pursuant to this Resolution, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2006 A Bonds Redemption Account or the Series 2006 B Bonds Redemption Account, as appropriate, in accordance with Subsection 4.03A(3) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Series 2006 Bonds shall be set forth in the Supplemental Resolution relating thereto.

B. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

C. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2006 A Bonds Redemption Account or the Series 2006 B Bonds Redemption Account, as appropriate, to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2006 A Bonds Sinking Fund or the Series 2006 B Bonds Sinking Fund, as appropriate), as will exhaust as nearly as practicable such Series 2006 A Bonds Redemption Account payment or Series 2006 B Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2006 A Bonds or Series 2006 B Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Bond Insurer, the Original Purchaser and the registered owner of the Series 2006 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2006 A Bonds and the Series 2006 B Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2006 A Bonds and the Series 2006 B Bonds shall also be sent to registered securities depositories.

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date;

(2) The Redemption Price;

(3) If less than all outstanding Series 2006 A Bonds or Series 2006 B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2006 A Bonds or Series 2006 B Bonds, as appropriate, to be redeemed;

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Series 2006 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(5) The place where such Series 2006 Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar; and

(6) Such other information, if any, as shall be required for DTC-eligible Series 2006 Bonds.

If funds sufficient to redeem all Series 2006 Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2006 Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2006 Bonds or portions of Series 2006 Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2006 Bonds or portions of Series 2006 Bonds shall cease to bear interest. Upon surrender of such Series 2006 Bonds for redemption in accordance with said notice, such Series 2006 Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2006 Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Series 2006 Bond. All Series 2006 Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2006 A Bonds or Series 2006 B Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Series 2006 A Bonds or Series 2006 B Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Series 2006 A Bond or Series 2006 B Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Resolution. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if

applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. A. For the purposes of paying a portion of the costs of refunding all of the Series 1996 D Bonds of the Issuer, funding a portion of the Series ~~2006 A and Series 2006 B Bonds~~ 2006 Bonds Reserve Account, and paying costs in connection therewith, there shall be issued the Series 2006 A Bonds of the Issuer, in an aggregate principal amount of not more than $4,500,000. The Series 2006 A Bonds shall be designated "Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2006 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2006 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2006 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

B. For the purposes of paying a portion of the costs of refunding all of the Series 1996 D Bonds of the Issuer, funding a portion of the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account, and paying costs in connection therewith, there shall be issued the Series 2006 B Bonds of the Issuer, in an aggregate principal amount of not more than $500,000. The Series 2006 B Bonds shall be designated "Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2006 B Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2006 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2006 B Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds . A. The Series 2006 A Bonds and the Series 2006 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2006 A Bonds and the Series 2006 B Bonds, respectively, of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2006 A Bonds and the Series 2006 B Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2006 A Bonds or the Series 2006 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series

2006 A Bonds or the Series 2006 B Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2006 A Bond or Series 2006 B Bond, or any other evidence of ownership of the Series 2006 A Bonds or Series 2006 B Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2006 A Bonds or the Series 2006 B Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2006 A Bonds and the Series 2006 B Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Resolution, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2006 A Bonds or the Series 2006 B Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2006 A Bonds or Series 2006 B Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Resolution. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2006 A Bonds and the Series 2006 B Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2006 A Bonds or the Series 2006 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2006 A Bonds or Series 2006 B Bonds so redeemed, but DTC may return such Series 2006 A Bonds or Series 2006 B Bonds and make an appropriate notation on the Series 2006 A Bond or Series 2006 B Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2006 A Bonds or the Series 2006 B Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2006 A Bonds and the Series 2006 B Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2006 A Bonds and the Series 2006 B Bonds, selecting the Series 2006 A Bonds or Series 2006 B Bonds, or portions thereof, to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 2006 A Bonds or the Series 2006 B Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest

in the Series 2006 A Bonds or the Series 2006 B Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2006 A Bonds or the Series 2006 B Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2006 A Bonds or the Series 2006 B Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2006 A Bonds or the Series 2006 B Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2006 A Bonds and the Series 2006 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2006 A Bonds or the Series 2006 B Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2006 A Bonds and the Series 2006 B Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 2006 A Bonds and the Series 2006 B Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2006 A Bonds and the Series 2006 B Bonds.

Section 3.12. Delivery of Bonds. A. The Issuer shall execute and deliver the Series 2006 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2006 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2006 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2006 A Bonds to the Original Purchaser;

(3) Copies of this Resolution and the Supplemental Resolution certified by the Secretary;

(4) The unqualified approving opinion upon the Series 2006 A Bonds by Bond Counsel; and

(5) A copy of such other documents, certifications and verifications as the Original Purchaser may reasonably require.

B. The Issuer shall execute and deliver the Series 2006 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2006 B Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2006 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2006 B Bonds to the Original Purchaser;

(3) Copies of this Resolution and the Supplemental Resolution certified by the Secretary;

(4) The unqualified approving opinion upon the Series 2006 B Bonds by Bond Counsel; and

(5) A copy of such other documents, certifications and verifications as the Original Purchaser may reasonably require.

Section 3.13. Form of Bonds. A. The definitive Series 2006 A Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2006 A BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2006 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2006 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

B. The definitive Series 2006 B Bonds shall be in substantially the form set forth in EXHIBIT B - SERIES 2006 B BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2006 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2006 B Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds.

Upon the issuance and delivery of the Series 2006 A Bonds and Series 2006 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on the Series 2006 A Bonds and the Series 2006 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2006 A Bonds Sinking Fund and the Series 2006 B Bonds Sinking Fund, respectively, and applied to payment of interest on the Series 2006 A Bonds and the Series 2006 B Bonds at the first interest payment date.

B. An amount of the proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds which, together with other monies or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Series 1996 D Bonds (which amount shall be set forth in the Supplemental Resolution) shall be deposited in the Series 1996 D Bonds Sinking Fund.

C. An amount of the proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds equal to a portion of the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series ~~2006 A and Series 2006 B~~2006 Bonds Reserve Account; provided that, to the extent the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Requirement is satisfied in whole or in part from proceeds of any fund or account established for the Series 1996 D Bonds pursuant to the resolution authorizing issuance thereof, proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds shall be deposited in the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account only to the extent needed to satisfy a portion of the Series ~~2006 A Bonds and Series 2006 B~~2006 Bonds Reserve Requirement.

D. An amount of the proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds which shall be sufficient to pay the costs of issuance of the Series 2006 Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2006 Bonds and miscellaneous costs of refunding the Series 1996 D Bonds. All such costs of issuance shall be paid within 60 days of the Closing Date. Monies not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer, pro rata, to the Series 2006 A Bonds Redemption Account and the Series 2006 B Bonds Redemption Account. All such proceeds transferred to the Series 2006 A Bonds Redemption Account and Series 2006 B Bonds Redemption Account shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2006 Bonds.

E. The balance of any proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds and any monies in any fund or account established for the Series 1996 D Bonds pursuant to the resolution authorizing issuance thereof, not used for any of the purposes set forth above, may be deposited in the Series 2006 A and Series 2006 B Bonds ~~Reserve Account~~Sinking Funds and used to make payments of debt service on the

Series 2006 A Bonds and Series 2006 B Bonds as hereinafter provided. Monies not to be applied immediately to pay such debt service may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2006 A Bonds and Series 2006 B Bonds.

Section 3.15. Designation of Series 2006 A Bonds as "Qualified Tax-Exempt Obligations". Pursuant to Section 265(b)(3)(D)(ii) of the Code, the Series 2006 A Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2006 A Bonds and the issue of which they are a part satisfy the following requirements: (1) the Series 2006 A Bonds are being issued to currently refund the Series 1996 D Bonds which were designated at the time of their issuance as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code; (2) the amount of the Series 2006 A Bonds does not exceed the outstanding amount of the Series 1996 D Bonds being refunded; (3) the average maturity date of the Series 2006 A Bonds is not later than the average maturity date of the bonds being refunded by the issue of which the Series 2006 A Bonds are a part; (4) the Series 2006 A Bonds have a maturity date which is not later than the date which is 30 years after the Series 1996 D Bonds were issued; and (5) the aggregate face amount of the issue of which the Series 2006 A Bonds are a part does not exceed $10,000,000.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds or accounts are hereby created with (or continued if previously established), and shall be held by, the Depository Bank, segregated and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

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

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

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

(4) Costs of Issuance Fund; and

(5) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds or accounts are hereby created with and shall be held by, the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission and the Issuer and from each other:

(1) Series 2006 A Bonds Sinking Fund;

(2) Within the Series 2006 A Bonds Sinking Fund, the Series 2006 A Bonds Redemption Account;

(3) Series 2006 B Bonds Sinking Fund;

(4) Within the Series 2006 B Bonds Sinking Fund, the Series 2006 B Bonds Redemption Account; and

(5) Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account.

Section 4.03. System Revenues and Application Thereof So long as any of the Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate

and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay interest on the First Lien Bonds; (ii) commencing 6 months prior to the first interest payment date on the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2006 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2006 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2006 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2006 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2006 A Bonds Sinking Fund; and (iii) commencing 6 months prior to the first interest payment date on the Series 2006 B Bonds, for deposit in the Series 2006 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2006 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 B Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that,

the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2006 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2006 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2006 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2006 B Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay the principal of the First Lien Bonds; (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, and in the Series 2006 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2006 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2006 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph; and (iii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2006 B Bonds, for deposit in the Series 2006 B Bonds Sinking Fund, and in the Series 2006 B Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2006 B Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 B Bonds Sinking Fund and the next ensuing annual

principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2006 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to fund the respective reserves requirements for the First Lien Bonds; and (ii) for deposit in the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account below the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Requirement or any withdrawal from the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account is less than the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account for deposit into the Series 2006 A and Series 2006 B Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account to an amount equal to the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series

~~2006 A and Series 2006 B Bonds2006 Bonds~~ Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article V 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 for deposit in the Sinking Fund for the Second Lien Bonds the amount required under the Prior Resolutions to pay principal of the Second Lien Bonds.

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

~~(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 2006 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2006 A Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Monies in the Series 2006 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and

interest on the Series 2006 B Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the ~~Series 2006 A and Series 2006 B Bonds~~Series 2006 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2006 Bonds when due, when amounts in the Series 2006 A Bonds Sinking Fund and/or Series 2006 B Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Issuer shall not be required to make any further payments into the Series 2006 A Bonds Sinking Fund, Series 2006 B Bonds Sinking Fund or the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series 2006 Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2006 Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2006 A Bonds and the Series 2006 B Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirements therefor.

The payments into the Series 2006 A Bonds Sinking Fund and the Series 2006 B Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

The Issuer shall restore any withdrawals from the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account which have the effect of reducing the assets therein below the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Requirement, from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds, and senior and prior to the principal, interest or reserve payments for the Second Lien Bonds~~ and the Third Lien Bonds~~, in accordance with the respective principal amounts then Outstanding.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2006 A Bonds Sinking Fund, the Series ~~2006 A and Series 2006 B~~2006 Bonds Reserve Account and the Series 2006 B Bonds Sinking Fund created hereunder, and all amounts required for said accounts shall be remitted to the Bond Commission from the Revenue Fund by the Issuer at the times provided herein.

B. 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.

C. The Issuer shall remit from the Revenue Fund to the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Bond 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 any charges and fees then due.

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

E. If on any monthly payment date the Net 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 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any monies held as a part of the funds and accounts created by this Resolution in Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, 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 Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Series ~~2006 A and Series 2006 B~~2006 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, semiannually transfer from the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account, pro rata, to the Series 2006 A Bonds Sinking Fund and Series 2006 B Bonds Sinking Fund, any earnings on the monies deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account an amount at least equal to the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account, whereupon such account shall be valued immediately after such withdrawal. If amounts on deposit in the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account shall, at any time, be less than the Series ~~2006 A and Series 2006 B Bonds~~ 2006 Bonds Reserve Requirement, the Bond Insurer, if any, shall be notified immediately of such deficiency, such deficiency shall be made up from the first available Net Revenues in the order set forth in Section 4.03 hereof.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2006 A Bonds and the Series 2006 B Bonds, as applicable, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2006 A Bonds Sinking Fund and the Series 2006 B Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Treasury Board pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2006 A Bonds and the Series 2006 B Bonds in such manner and to such extent as may be necessary, so that neither the Series 2006 A Bonds nor the Series 2006 B Bonds will constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2006 A Bonds and the Series 2006 B Bonds) so that the interest on the Series 2006 A Bonds and the Series 2006 B Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2006 A Bonds and the Series 2006 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time

in effect and applicable to the Series 2006 A Bonds and the Series 2006 B Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect, with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2006 A Bonds and the Series 2006 B Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2006 A Bonds or the Series 2006 B Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 2006 A Bonds and the Series 2006 B Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2006 A Bonds or the Series 2006 B Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer . The Series 2006 A Bonds and the Series 2006 B Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution but shall be payable solely from the Net Revenues of the System, in the instance of the Series 2006 A Bonds, the monies in the Series 2006 A Bonds Sinking Fund and the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account, and the unexpended proceeds of the Series 2006 A Bonds, and in the instance of the Series 2006 B Bonds, the monies in the Series 2006 B Bonds Sinking Fund and the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account, and the unexpended proceeds of the Series 2006 B Bonds, all as herein provided. No Holder or Holders of the Series 2006 A Bonds or the Series 2006 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2006 A Bonds or the Series 2006 B Bonds, or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Series 2006 A Bonds and the Series 2006 B Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with one another and with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds~~ and the Third Lien Bonds~~. The Net Revenues derived from the System, in an amount sufficient to pay the interest on and principal of the Series 2006 A Bonds and the Series 2006 B Bonds herein authorized, and to make the payments into the Series 2006 A Bonds Sinking Fund, the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account, the Series 2006 B Bonds Sinking Fund and all other payments provided for in this Resolution, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the interest on and principal of the Series 2006 A Bonds and the Series 2006 B Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. 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 said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 A Bonds, the Series 2006 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2006 A Bonds and the Series 2006 B Bonds, including the First Lien Bonds, and the Second ~~Lien Bonds, and the Third~~ Lien Bonds.

The Issuer shall require that each annual audit contain a statement of the auditor that the Issuer either is or is not in compliance with the rate covenant contained in this Section 6.04. In the event that any audit contains a statement that the Issuer is not in compliance with the rate covenant contained in this Section 6.04, the Issuer hereby covenants that it shall, within sixty (60) days of receiving the audit report, file a request with the Public Service Commission of West Virginia for a rate increase sufficient to comply with the above-mentioned rate requirement.

Section 6.05. Operation and Maintenance. The Issuer will operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

Section 6.06. 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 2006 A Bonds or Series 2006 B Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2006 A Bonds and the Series 2006 B Bonds, immediately be remitted to the Bond Commission for deposit in the Series 2006 A Bonds Sinking Fund or the Series 2006 B Bonds Sinking Fund, as applicable, and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest on the Series 2006 A Bonds or the Series 2006 B Bonds, as applicable. Any balance remaining after the payment of the Series 2006 A Bonds and the Series 2006 B Bonds and interest thereon shall be remitted to the Issuer by the Bond

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 be remitted by the Issuer to the Bond 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 Resolution. 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 over 50% in amount 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 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. 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 2006 A Bonds and the Series 2006 B Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B Bonds and the interest thereon, if any, in this Resolution, or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2006 A Bonds and the Series 2006 B Bonds pursuant to this Resolution, except 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 2006 A Bonds and the Series 2006 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding any series of 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 an Independent Certified Public Accountant 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, the period for appeal of which has expired prior to the date of issuance of such additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

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

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 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Resolution with respect to the Bonds then Outstanding, and any other payments provided for in this Resolution, 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 Resolution.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2006 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. 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 and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

B. 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.

C. WORKER'S COMPENSATION COVERAGE for all employees of or for the system eligible therefor.

D. 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.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. 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.

Section 6.10. 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 thereof shall avail himself 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 6.11. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, 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 property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, 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 and facilities of the System and any services and facilities of the water system, if so owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of either System until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, has been fully paid. 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 6.12. 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 6.13. 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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Books and Records. 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 Series 2006 Bond or Bonds 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, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Issuer. The Issuer 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 Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, an annual report containing the following:

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

(B) A statement of account balances in all funds and accounts provided for herein and status of said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Certified Public Accountant in compliance with OMB Circular 128 or any successor thereto and the Single Audit Act, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Resolution and shall file said report with the Original Purchaser.

Section 6.15. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. 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 registered 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 such a registered 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 Original Purchaser 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 Original Purchaser, the Bond Insurer, if any, and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2006 A Bonds and the Series 2006 B 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 2006 A Bonds and the Series 2006 B Bonds, pro rata, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds, and senior and prior to the lien in favor of the Holders of the Second Lien Bonds~~ and the Third Lien Bonds~~.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2006 A Bonds or the Series 2006 B Bonds during the term thereof is, under the terms of the Series 2006 A Bonds or the Series 2006 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2006 A Bonds or the Series 2006 B Bonds during the term thereof is, under the terms of the Series 2006 A Bonds or the Series 2006 B Bonds or any underlying

arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2006 A Bonds or the Series 2006 B Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2006 A Bonds or the Series 2006 B Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2006 A Bonds or Series 2006 B Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2006 A Bonds or the Series 2006 B Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2006 A Bonds and the Series 2006 B Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2006 A Bonds and the Series 2006 B Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18 Financial Guaranty Insurance Policy. The Issuer may apply for a Financial Guaranty Insurance Policy for the Series 2006 A Bonds and/or the Series 2006 B Bonds. In the event a Financial Guaranty Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2006 A Bonds or the Series 2006 B Bonds. These additional covenants and provisions shall be set forth in a Supplemental Resolution, shall apply to the Series 2006 A Bonds and/or the Series 2006 B Bonds, and shall be controlling in the event any other provisions of this Resolution may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2006 A Bonds and the Series 2006 B Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2006 A Bonds or the Series 2006 B Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Series 2006 A Bonds or Series 2006 B Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Bond Insurer;

(C) 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

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

The Issuer must cure any covenant default within 30 days after notice of the default, and failure to pay principal of or interest on the Bonds shall be an immediate event of default.

No waivers shall be granted by any party to the Bond documents without the prior written consent of the Bond Insurer, if any.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Resolution;

(C) Bring suit upon the Series 2006 Bonds;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Resolution or the rights of the Bondholders.

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2006 A Bonds and the Series 2006 B Bonds shall be on a parity with one another and also on parity with those of the Holders of the First Lien Bonds, and senior and prior to those of the Holders of the Second Lien Bonds~~and the Third Lien Bonds~~.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer 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 on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate, maintain, manage and control such facilities, and each and every part thereof,

and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Series 2006 Bonds issued pursuant to this Resolution and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and accounts 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 Resolution 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 Bondholder 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, 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 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 the Holders of the Series 2006 Bonds issued pursuant to this Resolution. 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 possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Resolution, 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, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Resolution, in determining whether the rights of Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Resolution, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Financial Guaranty Insurance Policy were then in effect.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Resolution by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2006 A Bonds and the Series 2006 B Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 2006 A Bonds and the Series 2006 B Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2006 A Bonds or the Series 2006 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2006 A Bonds and the Series 2006 B Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Bonds, the first exchange of Bonds and the exchange of Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2006 A Bonds or Series 2006 B Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2006 A Bonds, the Series 2006 B Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2006 A Bonds or Series 2006 B Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Series 2006 A Bonds and the Series 2006 B Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Series 2006 A Bonds and the Series 2006 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2006 A Bonds and the Series 2006 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Series 2006 A Bonds and the Series 2006 B Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any monies, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2006 A Bonds or the Series 2006 B Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2006 A Bonds or Series 2006 B Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The Bond Commission shall serve as the Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Resolution. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All monies received by the Paying Agent shall, until used or applied as provided in this Resolution, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2006 A Bonds and the Series 2006 B Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2006 A Bonds and the Series 2006 B Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2006 A Bonds and the Series 2006 B Bonds from gross income for federal income tax purposes.

The Series 2006 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2006 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2006 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2006 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2006 A Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2006 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2006 A Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by

the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

The Series 2006 B Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2006 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2006 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2006 B Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2006 B Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2006 B Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2006 B Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. Prior to issuance of the Series 2006 A Bonds or the Series 2006 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of the Resolution, shall be controlling. Following issuance of the Series 2006 A Bonds or the Series 2006 B Bonds, this Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. In the event any of the Series 2006 A Bonds or the Series 2006 B Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2006 A Bonds or the Series 2006 B Bonds or the rights of any Bond Insurer for such Series 2006 A Bonds or Series 2006 B Bonds may be effected without the written consent of such Bond Insurer. No materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2006 A Bonds and the Series 2006 B Bonds then Outstanding and affected thereby and such Bond Insurer, which must be filed with the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2006 A Bond or Series 2006 B Bond without the express written consent of the Holder of each Series 2006 A Bond or Series 2006 B Bond so affected, nor reduce the percentage of Series 2006 A Bonds and Series 2006 B Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Resolution may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Resolution if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation

satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Resolution shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Resolution shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Resolution and no Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Resolution to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such

monies then unclaimed will be returned to the Issuer. If any of said Bonds is a coupon Bond, the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such monies will be returned to the Issuer, in an Authorized Newspaper.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

Berkeley County Public Service Sewer District
P.O. Box 944
Route 2, Box 338
Martinsburg, West Virginia 25401
Attention: Chairman

REGISTRAR AND PAYING AGENT

[Name(s) and address(es) to be set forth in Supplemental Resolution]

DEPOSITORY BANK

[Name and address to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Crews & Associates, Inc.
2000 Union National Plaza
124 West Capitol
Little Rock, Arkansas 72201

BOND INSURER

[Name and address, if any, to be set forth in Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the

principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Resolution.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Resolution and of all Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2006 A Bonds or the Series 2006 B Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2006 A Bonds and the Series 2006 B Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution.

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All orders, 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 resolutions authorizing the Prior Bonds, the resolutions authorizing the Prior Bonds shall control, unless less restrictive, so long as the Prior Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 10.14. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 19th day of July, 2006.

Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Berkeley County Public Service Sewer District on the 19th day of July, 2006.

Dated this 19th day of October, ~~2006~~ 2006.

[SEAL]

Secretary

~~07/12/06~~09/29/06
067740/00017

EXHIBIT A - SERIES 2006 A BOND FORM

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (WEST VIRGINIA), a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the

payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 200__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____ 1, 200__, the proceeds of which are to be used, together with other funds of the Issuer, (i) to refund all of the Sewer Refunding Revenue Bonds, Series 1996 D, dated June 15, 1996, of the Issuer, outstanding in the total aggregate principal amount of $_____ (the "Series 1996 D Bonds"), which were issued to refinance costs of acquisition and construction of improvements to the public sewerage system of the Issuer (the "System"); (ii) to fund a portion of a Reserve Account for the Bonds ~~and the Series 2006 B Bonds~~ (as hereinafter defined) (the remaining portion to be funded with proceeds of the Series 2006 B Bonds); and (iii) to pay certain costs of issuance of the Bonds and the Series 2006 B Bonds and related costs. 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 of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on _____, 2006, and supplemented by a supplemental resolution duly adopted by the Issuer on _____, 2006 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and

conditions of the Resolution. The Resolution 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 Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

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 WHICH ARE DESIGNATED FIRST LIEN BONDS, AND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS WHICH ARE DESIGNATED SECOND LIEN BONDS ~~AND THIRD LIEN BONDS~~:

	DESIGNATION	LIEN POSITION
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")	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	FIRST LIEN

DESIGNATION	LIEN POSITION
(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 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
11. SEWER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 11,	FIRST LIEN

	DESIGNATION	LIEN POSITION
	1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,250,000 (THE "SERIES 1997 B BONDS")	
12.	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
13.	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
14.	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
15.	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
16.	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
17.	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
18.	SEWER REVENUE BONDS, SERIES 2002 C (WEST	FIRST LIEN

	DESIGNATION	LIEN POSITION
	VIRGINIA SRF PROGRAM), DATED AUGUST 28, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $30,500,000 (THE "SERIES 2002 C BONDS")	
19.	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
20.	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
21.	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
22.	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
23.	SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED NOVEMBER 30, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,999,600 (THE "SERIES 2004 A 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

DESIGNATION	LIEN POSITION
~~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~~

THIS BOND IS ALSO ISSUED CONCURRENTLY WITH THE ISSUER'S SEWER REVENUE REFUNDING BONDS, SERIES 2006 B (NON-BANK QUALIFIED) (THE "SERIES 2006 B BONDS"), IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____, AND ON A PARITY WITH THIS BOND.

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 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, the Series 2003 B Bonds, and the Series 2004 A Bonds are hereinafter collectively called the "First Lien Bonds"; and 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, and the Second ~~Lien Bonds and the Third~~ Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2006 A Bonds and the Series 2006 B 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. 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.

This Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of financial guaranty bond insurance issued by _____.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds are not subject to optional redemption prior to _____. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on and after _____,

_____, as a whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, are subject to mandatory sinking fund redemption prior to maturing on _____ of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing _____

Year ( )	Principal Amount

Bonds Maturing _____

Year ( )	Principal Amount

Bonds Maturing _____

Year ( )	Principal Amount

Bonds Maturing _____

Year ( )	Principal Amount

Bonds Maturing _____

Year ( )	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. A copy of such notice of redemption shall also be mailed to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) 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 senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds~~and Third Lien Bonds~~, and from monies in the reserve account created under the Resolution for the Bonds (the "Series ~~2006 A and Series 2006 B~~2006 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, 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 subordinate to the Bonds, including the First Lien Bonds, the Second ~~Lien Bonds, and the Third~~ Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to refund the Series 1996 D Bonds, fund a reserve account for the Bonds, and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Resolution.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Resolution and the 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 (WEST VIRGINIA) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

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

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

STATEMENT OF INSURANCE

EXHIBIT B - SERIES 2006 B BOND FORM

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. BR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006 B (NON-BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (WEST VIRGINIA), a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest

on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 200__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____ 1, 200___, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay costs in connection with the refunding of all of the Sewer Refunding Revenue Bonds, Series 1996 D, dated June 15, 1996, of the Issuer, outstanding in the total aggregate principal amount of $_____ (the "Series 1996 D Bonds"), which were issued to refinance costs of acquisition and construction of improvements to the public sewerage system of the Issuer (the "System"); (ii) to fund the Reserve Account for the Bonds ~~and the Series 2006 A Bonds~~ (as hereinafter defined); and (iii) and to pay certain costs of issuance of the Bonds and the Series 2006 A Bonds and related costs. 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 of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on _____, 2006, and supplemented by a supplemental resolution duly adopted by the Issuer on _____, 2006 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The

Resolution 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 Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

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 WHICH ARE DESIGNATED FIRST LIEN BONDS, AND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS WHICH ARE DESIGNATED SECOND LIEN BONDS ~~AND THIRD LIEN BONDS~~:

	DESIGNATION	LIEN POSITION
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")	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	FIRST LIEN

	DESIGNATION	LIEN POSITION
	(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")	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 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
11.	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

	DESIGNATION	LIEN POSITION
12.	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
13.	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
14.	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
15.	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
16.	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
17.	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
18.	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
19.	SEWER REVENUE BONDS, SERIES 2002 D (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),	FIRST LIEN

	DESIGNATION	LIEN POSITION
	DATED AUGUST 28, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,965,465 (THE "SERIES 2002 D BONDS")	
20.	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
21.	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
22.	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
23.	SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED NOVEMBER 30, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,999,600 (THE "SERIES 2004 A 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~~

THIS BOND IS ALSO ISSUED CONCURRENTLY WITH THE ISSUER'S SEWER REVENUE REFUNDING BONDS, SERIES 2006 A (BANK QUALIFIED) (THE

"SERIES 2006 A BONDS"), IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____, AND ON A PARITY WITH THIS BOND.

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 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, the Series 2003 B Bonds, and the Series 2004 A Bonds are hereinafter collectively called the "First Lien Bonds"; and 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~~, and~~ the Second ~~Lien Bonds and the Third~~ Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2006 A Bonds and the Series 2006 B 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. 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.

This Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of financial guaranty bond insurance issued by _____.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds are not subject to optional redemption prior to _____. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on and after _____, _____, as a whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, are subject to mandatory sinking fund redemption prior to maturing on _____ of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

_____ Bonds Maturing _____

Year ( )	Principal Amount

_____ Bonds Maturing _____

Year ( )	Principal Amount

_____ Bonds Maturing _____

Year ( )	Principal Amount

_____ Bonds Maturing _____

Year ( )	Principal Amount

_____ Bonds Maturing _____

Year ( )	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. A copy of such notice of redemption shall also be mailed to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) 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 senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds~~and the Third Lien Bonds~~, and from monies in the reserve account created under the Resolution for the Bonds (the "Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series ~~2006 A and Series 2006 B Bonds~~2006 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, 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 subordinate to the Bonds, including the First Lien Bonds~~,~~ ~~and~~ the Second ~~Lien Bonds, and the Third~~ Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to the costs of refunding the Series 1996 D Bonds, the costs of issuance of the Series 2006 A Bonds and the Series 2006 B Bonds, and to funding a reserve account for the Series 2006 ~~A Bonds and the Series 2006 B~~ Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Resolution.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Resolution and the 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 (WEST VIRGINIA) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

STATEMENT OF INSURANCE

~~06/12/06~~07/29/06
067740.00017

$3,905,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, Gregory B. Issacs, Vice President of Crews & Associates, Inc. (the "Underwriter"), for and on behalf of the Underwriter, and the Chairman of Berkeley County Public Service Sewer District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 19th day of October 2006, in New York, New York, the Underwriter received the entire original issue of $3,665,000 in aggregate principal amount of the Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) (the "Series 2006 A Bonds") and $240,000 in aggregate principal amount of the Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified) (the "Series 2006 B Bonds" and, collectively with the Series 2006 A Bonds, the "Series 2006 Bonds"). The Bonds, as so received on original issuance, are in various denominations, are all dated October 1, 2006, and are numbered from AR-1 and BR-1, respectively, upward in order of maturity, and are registered in the name of "CEDE & CO."

2. At the time of such receipt of the Bonds, they had been executed by John C. Kunkle as Chairman of the Issuer by his manual signature, and the official seal of the Issuer had been impressed upon each Bond and attested by John Myers as Secretary of the Issuer by his manual signature, and had been authenticated by an authorized officer of United Bank, Inc., Charleston, West Virginia, as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Bonds, the proceeds of the Bonds, as follows:

Par Amount	$3,905,000.00
Less: Underwriter's Discount	(78,100.00)
Less: Original Issue Discount	(84.10)
Plus: Accrued Interest (October 1, 2006 to October 19, 2006)	8,402.00
Total	$3,835,217.90

Payment for the Series 2006 Bonds was made in immediately available funds (federal funds wire) in the aggregate amount of $3,835,217.90.

[Remainder of Page Intentionally Left Blank]

WITNESS our respective signatures this 19th day of October, 2006.

CREWS & ASSOCIATES, INC.

By:_____
Its: Vice President

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By:_____
Its: Chairman

10/13/06
067740.00017

CH835011.1

$3,905,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United Bank, Inc., as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith as Registrar for the above-captioned Bonds:

1. Bonds Nos. AR-1 through AR-16, inclusive, constituting the entire original issue of the Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) and Bonds Nos. BR-1, constituting the original issue of the Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified), all dated October 1, 2006, in the respective aggregate principal amounts of $3,665,000 and $240,000 (collectively, the "Bonds"), executed by the Chairman and Secretary of Berkeley County Public Service Sewer District (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to a Resolution adopted by the Issuer on July 19, 2006, as supplemented by a Supplemental Resolution adopted by the Issuer on July 19, 2006 and a Second Supplemental Resolution dated October 17, 2006 (collectively, the "Resolution").

2. Copies of the Resolution, certified by the Secretary of the Issuer.

3. A list of the names in which the Bonds are to be registered upon original issuance, together with taxpayer identification and other information as requested by you.

4. A signed, unqualified approving opinion of Steptoe & Johnson PLLC, as bond counsel.

You are hereby requested and authorized, pursuant to Section 3.12 of the Resolution, to authenticate, register and deliver the Bonds to the Depository Trust Company, New York, New York, for the account of Crews & Associates, Inc., as the original purchaser thereof.

Dated this 19th day of October, 2006.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: _____
Its: Chairman

10.13.06
067740.00017

CH835019.1

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-1 $75,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.80%	October 1, 2007	October 1, 2006	084249AY7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVENTY FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $3,665,000 designated "Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 1, 2006, the proceeds of which are to be used, together with other funds of the Issuer, (i) to refund all of the Sewer Refunding Revenue Bonds, Series 1996 D, dated June 15, 1996, of the Issuer, outstanding in the total aggregate principal amount of $3,770,706.54 (the "Series 1996 D Bonds"), which were issued to refinance costs of acquisition and construction of improvements to the public sewerage system of the Issuer (the "System"); (ii) to fund a portion of the Reserve Account for the Bonds (as hereinafter defined); and (iii) to pay certain costs of issuance of the Bonds and the Series 2006 B Bonds and related costs. 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 of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on July 19, 2006, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on July 19, 2006 and a second supplemental resolution duly adopted by the Issuer on October 17, 2006 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution 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 Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the

Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

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 WHICH ARE DESIGNATED FIRST LIEN BONDS, AND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS WHICH ARE DESIGNATED SECOND LIEN BONDS:

	DESIGNATION	LIEN POSITION
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")	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	FIRST LIEN

	DESIGNATION	LIEN POSITION
	(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")	
10.	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
11.	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
12.	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
13.	SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 25, 2000,	FIRST LIEN

	DESIGNATION	LIEN POSITION
	ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $937,500 (THE "SERIES 2000 A BONDS")	FIRST LIEN
14.	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
15.	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
16.	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
17.	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
18.	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
19.	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
20.	SEWER REVENUE BONDS, SERIES 2002 E (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY),	FIRST LIEN

DESIGNATION	LIEN POSITION
DATED AUGUST 28, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $560,822 (THE "SERIES 2002 E BONDS")	FIRST LIEN
21. 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
22. 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
23. SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED NOVEMBER 30, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,999,600 (THE "SERIES 2004 A BONDS")	SECOND 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")	

THIS BOND IS ALSO ISSUED CONCURRENTLY WITH THE ISSUER'S SEWER REVENUE REFUNDING BONDS, SERIES 2006 B (NON-BANK QUALIFIED) (THE "SERIES 2006 B BONDS"), IN THE AGGREGATE PRINCIPAL AMOUNT OF $240,000, AND ON A PARITY WITH THIS BOND.

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 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, the Series 2003 B Bonds, and the Series 2004 A Bonds are hereinafter

collectively called the "First Lien Bonds"; and the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2006 A Bonds and the Series 2006 B Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

> Extraordinary Redemption The Bonds shall also be subject to redemption if there should occur any damage to or destruction of the System or any condemnation of title to or the use of the System, the applicable Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.
>
> Optional Redemption. The Bonds maturing on or after October 1, 2012, are subject to redemption at the option of the Issuer, prior to maturity, on and after April 1, 2012, in whole or in part at any time from amounts deposited with the Bond Commission by the Issuer or from other funds available therefore a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.
>
> If fewer than all of the Bonds shall be called for optional redemption, the particular maturities of the Bonds to be redeemed shall be selected by the District in such manner, as it shall determine. So long as the Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Bonds to be credited with any partial redemption shall be made as described herein under "BOOK ENTRY ONLY SYSTEM."

Mandatory Sinking Fund Redemption. The Series 2006 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturing in part from moneys on deposit in the Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the mandatory redemption date, on October 1, 2022, and on each October 1 thereafter to and including October 1, 2025, in annual principal amount as follows:

Bonds Maturing October 1, 2025

Year (October 1)	Principal Amount
2022	$260,000
2023	270,000
2024	290,000
2025*	50,000

* Final Maturity

The principal amount of the Bonds maturing October 1, 2025, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of any redemption of this Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. A copy of such notice of redemption shall also be mailed to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) 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 senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Resolution for the Bonds (the "Series 2006 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be

issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2006 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, 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 subordinate to the Bonds, including the First Lien Bonds, the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to refund the Series 1996 D Bonds, fund a reserve account for the Bonds, and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Resolution.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Resolution and the 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.

[Remainder of Page Intentionally Left Blank]

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 imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: October 19, 2006.

UNITED BANK, INC., as Registrar

By: _____
Its: Authorized Officer

SPECIMEN

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

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

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

067740.00017

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-2 $145,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.80%	October 1, 2008	October 1, 2006	084249AZ4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED FORTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-3 $155,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.85%	October 1, 2009	October 1, 2006	084249BA8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED FIFTY- FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-4 $160,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.90%	October 1, 2010	October 1, 2006	084249BB6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED SIXTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-5 $170,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.95%	October 1, 2011	October 1, 2006	084249BC4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED SEVENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-6 $170,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.00%	October 1, 2012	October 1, 2006	084249BD2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED SEVENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-7 $180,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.05%	October 1, 2013	October 1, 2006	084249BE0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED EIGHTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-8 $190,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.10%	October 1, 2014	October 1, 2006	084249BF7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED NINETY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-9 $195,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.15%	October 1, 2015	October 1, 2006	084249BG5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED NINETY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-10 $205,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.20%	October 1, 2016	October 1, 2006	084249BH3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-11 $210,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.25%	October 1, 2017	October 1, 2006	084249BJ9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED TEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-12 $220,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.30%	October 1, 2018	October 1, 2006	084249BK6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED TWENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-13 $230,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.35%	October 1, 2019	October 1, 2006	084249BL4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-14 $240,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.40%	October 1, 2020	October 1, 2006	084249BM2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FORTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-15 $250,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.50%	October 1, 2021	October 1, 2006	084249BN0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-16 $870,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.65%	October 1, 2025	October 1, 2006	084249BP5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED SEVENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. BR-1 $240,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BOND,
SERIES 2006 B (NON-BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.80%	October 1, 2025	October 1, 2006	084249BQ3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FORTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered

for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $240,000 designated "Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 1, 2006, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay costs in connection with the refunding of all of the Sewer Refunding Revenue Bonds, Series 1996 D, dated June 15, 1996, of the Issuer, outstanding in the total aggregate principal amount of $3,770,706.54 (the "Series 1996 D Bonds"), which were issued to refinance costs of acquisition and construction of improvements to the public sewerage system of the Issuer (the "System"); (ii) to fund the Reserve Account for the Bonds (as hereinafter defined); and (iii) and to pay certain costs of issuance of the Bonds and the Series 2006 A Bonds and related costs. 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 of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on July 19, 2006, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on July 19, 2006 and a second supplemental resolution duly adopted by the Issuer on October 17, 2006 (hereinafter

collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution 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 Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

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 WHICH ARE DESIGNATED FIRST LIEN BONDS, AND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING SEWER REVENUE BONDS WHICH ARE DESIGNATED SECOND LIEN BONDS:

	DESIGNATION	LIEN POSITION
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")	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

	DESIGNATION	LIEN POSITION
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

	DESIGNATION	LIEN POSITION
10.	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
11.	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
12.	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
13.	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
14.	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
15.	SEWER REVENUE BONDS, SERIES 2001 B (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 7, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,909,850 (THE "SERIES 2001 B BONDS")	FIRST LIEN

	DESIGNATION	LIEN POSITION
16.	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
17.	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
18.	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
19.	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
20.	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
21.	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

	DESIGNATION	LIEN POSITION
22.	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
23.	SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED NOVEMBER 30, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,999,600 (THE "SERIES 2004 A 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

THIS BOND IS ALSO ISSUED CONCURRENTLY WITH THE ISSUER'S SEWER REVENUE REFUNDING BONDS, SERIES 2006 A (BANK QUALIFIED) (THE "SERIES 2006 A BONDS"), IN THE AGGREGATE PRINCIPAL AMOUNT OF $3,665,000, AND ON A PARITY WITH THIS BOND.

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 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, the Series 2003 B Bonds, and the Series 2004 A Bonds are hereinafter collectively called the "First Lien Bonds"; and the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2006 A Bonds and the Series 2006 B Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

Extraordinary Redemption The Bonds shall also be subject to redemption if there should occur any damage to or destruction of the System or any condemnation of title to or the use of the System, the applicable Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

Optional Redemption. The Bonds maturing on or after October 1, 2012, are subject to redemption at the option of the Issuer, prior to maturity, on and after April 1, 2012, in whole or in part at any time from amounts deposited with the Bond Commission by the Issuer or from other funds available therefore a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Bonds shall be called for optional redemption, the particular maturities of the Bonds to be redeemed shall be selected by the District in such manner, as it shall determine. So long as the Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Bonds to be credited with any partial redemption shall be made as described herein under "BOOK ENTRY ONLY SYSTEM."

The principal amount of the Bonds maturing October 1, 2025, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. A copy of such notice of redemption shall also be mailed to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) 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 senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Resolution for the Bonds (the "Series 2006 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2006 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, 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 subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to the costs of refunding the Series 1996 D Bonds, the costs of issuance of the Series 2006 A Bonds and the Series 2006 B Bonds, and to funding a reserve account for the Series 2006 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Resolution.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Resolution and the 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.

[Remainder of Page Intentionally Left Blank]

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 imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: October 19, 2006.

UNITED BANK, INC., as Registrar

By: _____
Its: Authorized Officer

SPECIMEN

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

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

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

067740.00017

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 19th day of September, 2006.

CASE NO. 06-0874-PSD-PC

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT,
a public utility, Martinsburg, Berkeley County.
Request for approval of borrowing to refund the District's sewer refunding revenue bonds, Series 1996D.

COMMISSION ORDER

The Commission approves borrowing to refund a utility's bonds.

BACKGROUND

On July 6, 2006, the Berkeley County Public Service Sewer District asked the Commission's consent to borrow money to refund its Sewer Refunding Revenue Bonds, Series 1996 D. October 1, 2006, the tenth anniversary of the issuance of those bonds, is the first date when the bonds can be refunded. Petition p. 1. Crews & Associates, Inc. estimates that Berkeley County will save $15,426 in annual debt service payments, or receive a $278,287 lump sum cash advantage. The 1996 bond refunding was approved by the Commission on June 23, 1996. Id.

On September 8, 2006, Commission Staff recommended that the Commission approve Berkeley County's request. Final Joint Staff Memorandum p. 1. Berkeley County will issue $3,985,000 in Series 2006 Sewer Revenue bonds with interest between 3.997% and 4.85%, Staff advised. Id.

Technical Staff wrote that the utility's existing bonds were issued in the amount of $4,770,000 with interest at 3.75%, which could fluctuate, with a term ending October 1, 2025. Initial & Final Internal Memorandum p. 1, attached to Final Joint Staff Memorandum. The remaining principal balance is about $3,865,000, with interest currently at 5.1%. Id. Technical Staff also advised that Berkeley County would not have to pay any out-of-pocket costs associated with the refinancing. Proceeds from the new bond issue will retire the remaining 1996 D bonds, plus pay all issuance costs, including the cost of issuance of $50,000 for the new loan. Id.

According to Staff's debt service analysis, the refinancing is projected to save Berkeley County $193,927 over the life of the bond issue and result in a $9,696 net average annual savings. The utility's monthly debt payments will be about $808 less, while the payback period is equal to

the remaining term of the refunded bonds, Staff advised. Initial & Final Internal Memorandum p. 1, attached to Final Joint Staff Memorandum.

DISCUSSION

W. Va. Code § 16-13A-25 provides, in pertinent part, as follows:

> . . . a public service district shall not borrow money . . . without the prior consent and approval of the public service commission . . .

We agree with Staff and the utility that it is reasonable for Berkeley County to refinance its 1996D series bonds. Therefore, pursuant to W. Va. Code § 16-13A, the Commission should grant its consent for Berkeley County to borrow the money to refinance $3,985,000 in Series 2006 Sewer Revenue bonds, as well as issuance costs, with interest between 3.997% and 4.85%, and a term ending in 2025.

FINDINGS OF FACT

1. On July 6, 2006, the Berkeley County Public Service Sewer District asked the Commission's consent to borrow money to refund its Sewer Refunding Revenue Bonds, Series 1996 D. October 1, 2006, the tenth anniversary of the issuance of those bonds, is the first date when the bonds can be refunded. Petition p. 1. Crews & Associates, Inc. estimates that Berkeley County will save $15,426 in annual debt service payments, or receive a $278,287 lump sum cash advantage. The 1996 bond refunding was approved by the Commission on June 23, 1996. Id.

2. On September 8, 2006, Commission Staff recommended that the Commission approve Berkeley County's request. Final Joint Staff Memorandum p. 1. Berkeley County will issue $3,985,000 in Series 2006 Sewer Revenue bonds with interest between 3.997% and 4.85%, Staff advised. Id.

3. Technical Staff wrote that the utility's existing bonds were issued in the amount of $4,770,000 with interest at 3.75%, which could fluctuate, with a term ending October 1, 2025. Initial & Final Internal Memorandum p. 1, attached to Final Joint Staff Memorandum. The remaining principal balance is about $3,865,000, with interest currently at 5.1%. Id. Technical Staff also advised that Berkeley County would not have to pay any out-of-pocket costs associated with the refinancing. Proceeds from the new bond issue will retire the remaining 1996 D bonds, plus pay all issuance costs, including the cost of issuance of $50,000 for the new loan. Id.

4. According to Staff's debt service analysis, the refinancing is projected to save Berkeley County $193,927 over the life of the bond issue and result in a $9,696 net average annual savings. The utility's monthly debt payments will be about $808 less, while the payback period is equal to the remaining term of the refunded bonds, Staff advised. Initial & Final Internal Memorandum p. 1, attached to Final Joint Staff Memorandum.

CONCLUSION OF LAW

W. Va. Code § 16-13A-25 provides, in pertinent part, as follows:

> . . . a public service district shall not borrow money . . . without the prior consent and approval of the public service commission . . .

We agree with Staff and the utility that it is reasonable for Berkeley County to refinance its 1996D series bonds. Therefore, pursuant to W. Va. Code § 16-13A, the Commission should grant its consent for Berkeley County to borrow the money to refinance $3,985,000 in Series 1996D Sewer Revenue bonds, as well as issuance costs, with interest between 3.997% and 4.85%, and a term ending October 1, 2025.

ORDER

IT IS THEREFORE ORDERED that, pursuant to W. Va. Code § 16-13A, the Commission grants its consent for Berkeley County to refund its 1996D series bonds, by borrowing money to refinance $3,985,000 in Series 1996D Sewer Revenue bonds, as well as issuance costs, with interest between 3.997% and 4.85%, and a term ending October 1, 2025.

IT IS FURTHER ORDERED that this case is removed from the Commission's docket of active cases.

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

CLW/sek
060874c.wpd

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

I, JOHN W. SMALL, JR., *Clerk of the County Court of Berkeley County, a Court of record in and for said County and State, do certify that the foregoing is a true, accurate 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 MINUTE *Book No.* 25, *Page* 33.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said court, at my office, in said County, this 13 TH *day of* JUNE, ~~19~~XX 2006

Clerk of the County Court of Berkeley County, W. Va.

A TRUE COPY
ATTEST
John W. Small, Jr., Clerk
Berkeley County Court
By Thomas G. Woodard
Deputy Clerk

ASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 00020-A

Court Minutes of March 2, 1979 cont'd

IN RE: INSURANCE PROFESSIONAL LIABILITY - SHERIFF'S DEPARTMENT

Stu Borger, Smith Nadenbousch Insurance Firm appeared before the Commission with the new Professional Liability Insurance Policy to include the Police Reserve in the amount of $3,743.22 annually.

Commissioner Downey moved the Commission cancell the NATIONAL SHERIFFS' ASSOCIATION LIABILITY POLICY as of February 28, 1979 at 12:00 Midnight, and accept the new policy as of February 28, 1979 at 12:01 P.M. with Smith Nadenbousch.

Refund premium from the National Sheriffs Association will be in the amount of $2,877.42.

Commissioner Wright seconded. So ordered.

IN RE: BERKELEY COUNTY PUBLIC SERVICE DISTRICT FOR COUNTY SEWER SERVICE

Sprague Hazard appeared before the Commission with an ORDER for a public Hearing on April 10, 1979 at 10:30 A.M. for the creation of a Public Service District to provide sewerage service 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, West Virginia, by W. Va. Code, 16-13A-2, the County Commission of Berkeley County, West Virginia, on its own motion, by order duly adopted on this day, the 2nd of March, 1979, hereby proposes the creation of a public service district for providing sewerage services for Berkeley County, West Virginia.

The territory to be embraced by this public service district is all of Berkeley County, West Virginia. The names of the proposed public service district shall be the Berkeley County Sewer Authority. The purpose of this public service district shall be the further preservation of the public health, comfort and convenience of the residents of Berkeley County by providing county-wide sewerage services to collect, treat, purify or dispose of liquid or solid wastes, sewage or industrial wastes.

Further, the County Commission fixes the date of Wednesday, April 10, 1979, at 10:30 A.M. for a public hearing on the creation of the proposed public service district, this date being not more than forty (40) days nor less then twenty (20) days from today. This public hearing shall be held at Berkeley County Court House, Room 5.

Further the Clerk of the County Commission of Berkeley County is directed to cause notice of this public hearing to be given by publication as a Class I legal advertisement in compliance with the provisions of W. Va. Code, 59-3-1 et seq. in the Evening Journal, Martinsburg, West Virginia. This notice by publication shall contain the time and place of the public hearing and shall set forth a description of all the territory proposed to be included in this public service district. Further, this publication shall be completed at least ten (10) days prior to the public hearing.

Further, the Clerk of the County Commission of Berkeley County shall cause to be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice outlined above. Further, these posted notices shall be posted not less than ten (10) days before the public hearing.

Further, at this hearing all persons residing in, owning or having an interest in property in Berkeley County, West Virginia, shall have an opportunity to be heard for and against the creation of this proposed public service district. Also, at this hearing the County Commission of Berkeley County shall consider and determine the feasibility of the creation of this proposed public service district.

COUNTY COMMISSION OF BERKELEY COUNTY,
WEST VIRGINIA
S/S by John Evans Wright, President

IN RE: JENEICE ROBINSON AND SHIRLEY MASON APPOINTED AS OFFICE DEPUTY ASSESSOR

Mrs. Helen Vickers appeared before the Commission and swore in Jeneice Robinson and Shirley Mason as Office Deputy Assessors for the County Assessors Office.

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

Upon the application of Ida E. Sine, of Rt. 1, Box 43A, Gerrardstown, W. Va., for appointment as Notary Public in and for the County of Berkeley, it was shown to the satisfaction of this Court, that said applicant is a resident of the County from which she seeks appointment, that she is competent to perform the duties of such office, and that she is a person of good moral character, all of which the Clerk of the Court is directed to certify according to law.

IN RE: RAILROAD CONTRIBUTION FOR FENCING FOR P.O. FAULKNER PARK

Commissioner Downey moved the Commission sign the letter to the Park and Rec. Board, approving the fencing the Railroad against the County land.

Commissioner Wright seconded. So ordered.

A TRUE COPY
ATTEST
John W. Small, Jr., Clerk
Berkeley County Court
By Jamilee R. Unger
Deputy Clerk

Mr. J. M. Emmett, Division Manager
Operating Department
Chessie System
Camden Station
Baltimore, MD 21201

RE: Contribution of $7,500.00 for construction of fence for use by the Martinsburg-Berkeley County Recreation Board

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

I, JOHN W. SMALL, JR, *Clerk of the County Court of Berkeley County, a Court of record in and for said County and State, do certify that the foregoing is a true, accurate 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 MINUTE *Book No.* 25, *Page* 227.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said court, at my office, in said County, this 13 TH *day of* JUNE, XXX 2006

Clerk of the County Court of Berkeley County, W. Va.

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

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 60020-A

IN RE: CHECKS SIGNED WITH THE PRESIDENTS' STAMP

The following checks were signed with the Presidents' stamp.

Jail Improvement and Operating.....No. 35
Dog Tax Fund.....No. 857 - 858
General Co. Fund.....No. 27339 - 27361

IN RE: ORDER - CREATING BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Commissioner Burkhart moved the Commission sign and record an ORDER creating Berkeley 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, West Virginia, by West Virginia Code, 16-13A-2, the County Commission of Berkeley County, West Virginia, on this 10th day of April, 1979, at 10:30 o'clock a.m. held, pursuanto to an Order entered March 2, 1979, by this Commission, and after the prescribed notice, a public hearing on the creation of a public service district for providing sewerage services for Berkeley County, West Virginia.

At this public hearing held this 10th day of April, 1979 all persons residing in or owning or having any interest in property in this proposed public service district had an opportunity to be heard for and against its creation. After hearing all interested persons, the County Commission of Berkeley County considered and determined the feasibility of the creation of this proposed public service district.

Further, the County Commission of Berkeley County, West Virginia, has determined that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement, and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of this area. It is therefore the order of the County Commission of Berkeley County, West Virginia that there be created a public service district for providing sewerage services for Berkeley County, West Virginia with the territory to be embraced by this public service district to be all of Berkeley County, West Virginia. The public service district shall be called the Berkeley 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 President

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 "Rice" E. Downey and hereby order that the Court House be closed to business from the end of the work day Wednesday, November 23 until the beginning of the work day on Monday, November 26, 1979.

This is done as a expression of respect and sympathy.

Also, be it know, Commissioner Downey is excused from the usual Commission activities 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

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 Engineer-Development and the State Highway Engineer, hereby ORDERS that the attached summary of the results of a SPEED ZONING STUDY be recorded and County Route 13/1 in BERKELEY COUNTY, DISTRICT FIVE, be signed in accordance with the conclusions thereof.

This order shall be effective when appropriate signs giving notice to the public have been erected.

Entered this 15th day of November, 1979.

S/S by Charles L. Miller
West Virginia Commissioner of Highways

CC
AEX
CH
HD
DT
FJ
District Five
County Commission
Dept. of Public Safety
WV Motor Truck Assoc.
Contractors Assoc. of WV

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

400 WEST STEPHEN STREET, SUITE 201
MARTINSBURG, WEST VIRGINIA 25401
PHONE (304) 264-1923

www.berkeleycountycomm.org

THE COMMISSION

HOWARD L. STRAUSS, COMMISSIONER
STEVEN C. TEUFEL, COMMISSIONER
RONALD K. COLLINS, COMMISSIONER

DEBORAH HAMMOND
COUNTY ADMINISTRATOR

SHERRY A. CAIN
ADMINISTRATIVE SECRETARY

June 9, 2005

Ronald Collins
C/o Berkeley County Commission
400 West Stephen Street, Suite 201
Martinsburg, WV 25401

Dear Mr. Collins:

The Berkeley County Commission, at its meeting on June 9, 2005 re-appointed you to serve as a member on the Berkeley County Public Service Sewer District Board effective July 1, 2005. Your new term will expire on June 30, 2011.

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: collins r/ps

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

A TRUE COPY
ATTEST
John W. Small, Jr., Clerk
Berkeley County Court
By Thomas D. Freeland
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.: 27139

Before me, JOHN W. SMALL, JR. Clerk of the Court of the County and State aforesaid, personally appeared RONALD COLLINS 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, 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

RULES OF PROCEDURE

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT.

Section 2. The principal office of this Public Service Sewer District will be located at 65 District Way, Martinsburg, Berkeley County, West Virginia.

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

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

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

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

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular meetings on every other Tuesday, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

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

PUBLIC NOTICE OF MEETINGS

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

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

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

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

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

ARTICLE VI

DUTIES OF OFFICERS

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

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

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

Adopted this 29th day of July, 2002.

08/04/03
067740.00010

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
65 DISTRICT WAY
MARTINSBURG, WEST VIRGINIA 25401

MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING
JANUARY 10, 2006

Members Present:
Chairman John C. Kunkle
Secretary John Myers
Treasurer Ronald K. Collins
Members Absent:

Staff Members Present:
General Manager Curtis B. Keller
Chief of Construction John Wood
Others Present:
John Tuggle, Pentree, Inc.
Naomi Kimble, Journal reporter

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 7:07 p.m. Roll call was taken at that time. Chairman John C. Kunkle welcomed everyone to the meeting.

APPROVAL OF AGENDA AND PACKET

Motion made by Secretary Myers, seconded by Treasurer Collins to approve the agenda and packet in its entirety.

Unanimously approved.

ELECTION OF OFFICERS

Motion made by Chairman John C. Kunkle, seconded by Secretary Myers to keep the officer's positions the same for the year.

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 December 13, 2005.

Unanimously approved.

CITIZEN PARTICIPATION

No public in attendance

MANAGEMENT REPORTS

Chief of Construction John Wood updated the BOD with the following information:

- Inspectors still busy with small projects and Miss Utility
- Still getting plans for new developments
- Construction crew is installing taps-new taps seem to be coming in as quickly as they get finished
- Line cleaning crew is cleaning pump stations
- Camera Crew evaluated G&E mobile home park- found a lot of problems-roots, bad lines
- Howard Speaks- half of design is done, ordered first three manholes, pump station ordered. Plan to start next week in the next couple of weeks.
- Bore at Woods- shortened the length of bore, cut price in half.

General Manager Keller updated the BOD with the following information:

- Problem at Opequon Hedgesville plant
- CIF case to PSC
- Advertised new Billing position
- Easements for N. Berkeley-about 72% have signed
- Treatment plant chart
- Financial statements
- Sylvan Grove
- PSC letter-survey

PROJECTS

North Berkeley

General Manager Keller informed the BOD members that the certificate case for the project has been filed.

General Manager Keller reviewed with the BOD both the project budget and scope. Discussed the need to increase the project budget amount if the scope were to remain the same Also, discussed the conditions for the District's SEP project and that by increasing the project budget the conditions would be met.

SEP PROJECT RESOLUTION

Whereas, the District operates a series of small wastewater treatment facilities commonly referred to as package plants which serve disparate areas of its service territory;

Whereas, certain areas of the District also remain unsewered and are served by septic systems;

Whereas, the District has found that the operation of these package plants is costly and that these package plants provide limited environmental benefit and have limited life expectancies;

Whereas, the continued use of septic systems in the District service area is a short term and long term environmental concern;

Whereas, the provision of central wastewater service in the District's service area is goal of the District and provides environmental benefit;

Whereas, on a previous date the District approved the construction of certain improvements to its wastewater treatment system which included the construction of a new wastewater treatment facility, the disabling and removal of certain package plants, and the construction of new collection lines to provide service to persons currently served by septic systems;

Whereas, the anticipated cost of the improvements was $25,000,000.00;

Whereas, the District obtained full funding for the anticipated cost of the project and began the process of obtaining the necessary regulatory approvals to begin construction of the project;

Whereas, by letter dated October 19, 2005, the District was notified by its engineer that as a result of increased costs related to construction of the improvements project, estimated project costs had risen by approximately $3,625,000.00.

Whereas, the letter indicated that at current funding levels, the improvements project would have to be amended so that the communities of Spring Mill, Nipetown, and the Rocky Glen Mobile Home Park would no longer receive benefit of the improvements project;

Whereas, the District is under no legal duty to provide service to the areas listed above;

Whereas, it is to the benefit of the environment and Berkeley County that the communities of Spring Mill, Nipetown, and the Rocky Glen Mobile Home Park receive central sewer service;

Whereas, the District is in the midst of concluding negotiations with the West Virginia Department of Environmental Protection to settle that certain civil action brought by the Department against the District titled McClung v. Berkeley County Public Sewer Service District, Civil Action No. 05-C-318 (Berkeley County Circuit Court);

Whereas, as part of the settlement of that civil action, the District has agreed to perform a supplemental environmental project;

Whereas, the District believes that the provision of central sewer service to the communities of Spring Mill, Nipetown, and the Rocky Glen Mobile Home Park promotes the public health and provides an environmental benefit within the District's service area;

Whereas, the District believes that provision of service to the communities of Spring Mill, Nipetown, and the Rocky Glen Mobile Home Park is an acceptable supplemental environmental project;

Whereas, the provision of central sewer service to the communities of Spring Mill, Nipetown, and the Rocky Glen Mobile Home Park meets the applicable federal requirements/guidelines for a supplemental environmental project; and

Whereas, the District takes this action freely and voluntarily, and pursuant to no requirement of law.

Therefore, be it **RESOLVED** and **ORDERED** that:

1. The General Manager of the District identify this project as its supplemental environmental project and present it for approval to the West Virginia Department of Environmental Protection.

2. Contingent upon the approval of the project as set forth in paragraph one, the General Manager of the District, in concert with counsel and the District engineer, is hereby directed and granted authority to obtain funds necessary to fully fund the improvements project referenced above so as to fully construct the proposed project and assure central sewer service to the communities of Spring Mill, Nipetown, and the Rocky Glen Mobile Home Park.

3. The General Manager of the District, in consultation with counsel, shall assure that the actions of the District in reference to the supplemental environmental project shall comply with applicable guidelines regarding these projects to assure that the District obtains proper credit therefore.

Motion made by Treasurer Collins, seconded by Secretary Myers to approve the Supplemental Environmental Project Resolution.

Unanimously approved.

Baker Heights / Inwood

John Tuggle reviewed project with BOD. Plans have been turned into DEP & District for review. He informed the BOD that he hopes to have approval by mid February. He said they are still on schedule to start construction midyear. General Manager Keller said that the District would get financing set and start preparing to file PSC Certificate Case.

READING, CORRECTION AND APPROVAL OF FINANCIALS / PAYROLL

Motion made by Treasurer Collins, seconded by Secretary Myers, to approve the Financial and Payroll records for December 28, 2005 & January 10, 2006.

Unanimously approved.

Motion made by Treasurer Collins, seconded by Secretary Myers to approve the Opening Flexible Spending Checking account.

Unanimously approved.

OLD /NEW BUSINESS

New Business

Motion made by Treasurer Collins, seconded by Secretary Myers, to approve the Deferred Payment Agreement Policy.

Unanimously approved.

General Manager discussed possible meeting dates with the BOD for the upcoming quarterly Joint BOD meeting. It was decided to have the meeting January 30, 2006 at 7:00 p.m. at the Water District.

EXECUTIVE SESSION

Motion made by Treasurer Collins, seconded by Secretary Myers, to enter Executive Session at 8:15 p.m.

Unanimously approved.

The following individuals participated in all or part of Executive Session discussions.

Chairman John Kunkle
Secretary John E. Myers
Treasurer Ronald Collins

General Manager Curtis B. Keller

Motion made by Treasurer Collins, seconded by Chairman Kunkle, to exit Executive Session at 8:52 p.m.

Unanimously approved.

Motion made by Treasurer Collins, seconded by Chairman Kunkle, to accept General Manager Keller's recommendation to take Chief of Maintenance George Sabine off of probation and make him permanent in the position Chief of Maintenance, with a salary increase to $44,000.00.

Unanimously approved.

Motion made by Treasurer Collins, seconded by Secretary Myers, for Human Resource Director Regina Keller to receive a bonus of $500.00 for work on the BRIM requirement and safety manual and $500.00 for work done in obtaining Apprenticeship training grant.

Unanimously approved.

ADJOURNMENT

Motion made by Secretary Myers, seconded by Chairman Kunkle, to adjourn the meeting at 8:55 p.m.

Unanimously approved.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
65 DISTRICT WAY
MARTINSBURG, WEST VIRGINIA 25404

MINUTES OF THE BOARD OF DIRECTORS SPECIAL MEETING
JULY 19, 2006

Members Present:
Chairman John C. Kunkle
Secretary John E. Myers
Treasurer Ronald K. Collins

Members Absent:

Staff Members Present:
General Manager Curtis B. Keller

CALL TO ORDER

Chairman John C. Kunkle called the Special Meeting of the Board of Directors of the Berkeley County Public Service Sewer District to order at 9:10 a.m. Roll call was taken at that time. Chairman John C. Kunkle welcomed everyone to the meeting.

APPROVAL OF AGENDA AND PACKET

Motion made by Treasurer Collins, seconded by Secretary Myers, to approve the agenda and packet in its entirety.

Unanimously approved.

Motion made by Treasurer Collins, seconded by Secretary Myers, to authorize refunding of 1996 D Sewer Refunding Revenue Bonds and take the cash savings up front as recommended by General Manager and Bond Counsel.

Unanimously approved.

Motion made by Treasurer Collins, seconded by Secretary Myers, to approve Supplemental Parameters Resolution for the refunding of the 1996 D Sewer Refunding Revenue Bonds as presented.

Unanimously approved.

OLD/NEW BUSINESS

Motion made by Secretary Myers, seconded by Treasurer Collins, to authorize Chairman to sign agreement to obtain Merchant ID for phone and Internet payment services.

Unanimously approved.

ADJOURNMENT

Motion made by Treasurer Collins, seconded by Secretary Myers, to adjourn the meeting at 9:45 a.m.

Unanimously approved.

July 19, 2006 Special Meeting of the

Board of Directors of the Berkeley County PSSD

Date Minutes Signed: August 22, 2006

John C. Kunkle
Chairman

John E. Myers
Secretary

Ronald K. Collins
Treasurer

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
65 DISTRICT WAY
MARTINSBURG, WEST VIRGINIA 25404

MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING
OCTOBER 17, 2006

Members Present:
Chairman John C. Kunkle
Treasurer Ronald K. Collins
Secretary John E. Myers

Members Absent:
Staff Members Present:
General Manager Curtis Keller
General Counsel William Rohrbaugh
Fiscal Officer Gene DeLawder
Chief of Plant Operations Clifton Browning

Others Present:
Vince Collins, Steptoe & Johnson, Bond Counsel

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 7:04 p.m. Roll call was taken at that time. Chairman John C. Kunkle welcomed everyone to the meeting.

APPROVAL OF AGENDA AND PACKET

Motion made by Secretary Myers, seconded by Treasurer Collins to approve the agenda and packet in its entirety.

Unanimously approved.

READING, CORRECTION AND APPROVAL OF MINUTES

Motion made by Treasurer Collins, seconded by Secretary Myers to approve the minutes from September 19, 2006 & October 3, 2006.

Unanimously approved.

CITIZEN PARTICIPATION

None in attendance.

OLD / NEW BUSINESS

Motion made by Treasurer Collins, seconded by Secretary Myers to approve the Second Supplemental Resolution providing for the issuance of the Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) and Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank Qualified)

Unanimously approved.

Motion made by Secretary Myers, seconded by Treasurer Collins to approve the resolution authorizing the issuance of the District's Capacity Improvement Fee Revenue Bonds, Series 2006 A in an amount not to exceed $16,000,000.00.

Unanimously approved.

Motion made by Treasurer Collins, seconded by Secretary Myers to approve the Supplemental Parameter, Resolution providing for the Capacity Improvement Fee Revenue Bonds, Series 2006.

Unanimously approved.

Vince Collins from Steptoe and Johnson discussed the details regarding the following with the BOD:

- 2006 A&B Sewer Refunding Revenue bond issue- paying off 1196 Bonds
- 2006 A Capacity Improvement Fee Revenue Bonds

MANAGEMENT REPORTS

Chief of Plant Operations Clifton Browning informed the BOD with the following information:

- Inwood Plant-problems with plant.
- Rocky Glenn Mobile Home Park- agreement to take over plant January 1.

Fiscal Officer Gene DeLawder informed the BOD with the following information:

- October – 16,470 customers billed $920,000.00. $782,000.00 in Accounts Receivable of which $582,000.00 is collectible by 11/15/06.
- Fiscal Officer DeLawder will contact Greg Issacs about GIC's for Debt Service Reserve Accounts.

General Counsel updated the BOD with the following information:

- Chateau Gai HOA- Meeting regarding Martinsburg Station project connection / line extension into subdivision.
- Update on submissions of documents to RUS in order to receive bid approval for North Berkeley.
- Update Albert Snyder complaint.
- Recommended rescission of Random Drug Testing Policy
- Update on Walt Sebert

General Manager Keller updated the BOD with the following information:

- County Commission Thursday – Planning Commission fee waiver request for District projects.
- CIF increase– Commission has decided case and an order should be coming any day.
- PSC Stormwater case – staff memo coming
- Audit- Yount, Hyde and Barbour will be at the November 14, 2006 BOD meeting to discuss and present audit.
- Stormwater meeting 10/24/06- request from Inwood HOA to attend meeting to discuss stormwater project.
- Letters to delinquent customers and creditors will be sent out by General Counsel.

PROJECTS BAKER HEIGHTS/INWOOD

- Pre construction meeting scheduled for 11/2/06
- Alvarez is ready to go and will be moving in equipment near the end of the month.
- Alvarez will probably use Cast in place construction but still give discount for precast.
- We will use Aqua Aerobics SBR equipment. Ashbrook cost savings is not significant enough to justify change at this point.

NORTH BERKELEY

- Received verbal approval from RUS Letter from RUS granting authorization to bid. Should receive letter any day.
- Inspections-working to get resumes from Woolpert of inspectors for the project. Staff will review to determine adequacy of personnel.
- STAC meeting last week for planning approval.
- Woolpert has comments and will address them accordingly.

READING, CORRECTION AND APPROVAL OF FINANCIALS/PAYROLL

Motion made by Secretary Myers, seconded by Treasurer Collins to approve the Financial and Payroll records.

Unanimously approved.

EXECUTIVE SESSION

Motion made by Secretary Myers, seconded by Treasurer Collins, to enter Executive Session at 9:01 p.m.

Unanimously approved.

The following individuals participated in all or part of the Executive Session discussions.

Chairman John Kunkle
Treasurer Ronald Collins
Secretary John Myers

General Manager Curtis B. Keller
General Counsel William Rohrbaugh

Chairman Kunkle declared Executive Session over at 9:11 p.m.

Motion made by Treasurer Collins, seconded by Secretary Myers to rescind Random Drug Testing Policy.

Unanimously approved.

ADJOURNMENT

Motion made by Secretary Myers, seconded by Treasurer Collins, to adjourn the meeting at p.m. 9:15 p.m.

Unanimously approved.

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

Chase Tower, 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

October 19, 2006

Berkeley County Public Service Sewer District
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Berkeley County Public Service Sewer District (the "Issuer") of its $3,665,000 in aggregate principal amount Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) (the "Series 2006 A Bonds").

The Series 2006 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on July 19, 2006, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on July 19, 2006 and a Second Supplemental Resolution adopted by the Issuer on October 17, 2006 (collectively, the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2006 A Bonds are issued in fully registered form, are dated October 1, 2006, upon original issuance, mature on October 1 in years and amounts and bear interest payable each April 1 and October 1, commencing April 1, 2007, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Resolution.

The Series 2006 A Bonds are issued for the purposes of (i) paying a portion of the costs necessary to currently refund all of the Issuer's outstanding Sewer Refunding 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"); (ii) partially funding a reserve account for the Series 2006 A Bonds and the Series 2006 B Bonds (as hereinafter defined) issued concurrently herewith; and (iii) paying a portion of the costs of issuance of the Series 2006 A Bonds and the Series 2006 B Bonds and other costs in connection with such refunding.

TERRALEX
The Worldwide Network of Independent Law Firms

The Series 2006 A Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated October 6, 2006, and accepted by the Issuer (the "Purchase Agreement").

The Series 1996 D Bonds will be currently refunded pursuant to a Prepayment Agreement dated the date hereof, by and between The Bank of New York (successor to One Valley Bank, National Association, corporate trust services) (the "Bank"), the West Virginia Municipal Bond Commission and the Issuer (the "Prepayment Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2006 A Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Agreement, the Prepayment Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2006 A Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agreement and has issued and delivered the Series 2006 A Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2006 A Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. The Series 2006 A Bonds have been duly authorized, issued, executed and delivered by the Issuer 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 the Issuer's First Lien Bonds and the Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified) (the "Series 2006 B Bonds"), issued concurrently herewith, and senior and prior to the Second Lien Bonds, with respect to liens, pledge and source of and

security for payment and in all other respects all in accordance with the terms of the Series 2006 A Bonds and the Resolution, as more fully defined and described in the Resolution.

5. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2006 A Bonds (including original issue discount properly allocable to owners of the Series 2006 A Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2006 A Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Series 2006 A Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2006 A Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2006 A Bonds set forth in the Resolution, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2006 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2006 A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2006 A Bonds except as expressly set forth in paragraph 6.

6. Pursuant to Section 265(b)(3)(D)(ii) of the Code, the Series 2006 A Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2006 A Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3)(D)(ii) of the Code. Therefore, the Series 2006 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. Under the Act, the Series 2006 A Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2006 A Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

8. The Series 1996 D Bonds have been paid within the meaning and with the effect expressed in the 1996 Resolution and the Prepayment Agreement, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1996 D Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the

Bank relating to the sufficiency of the moneys on deposit to provide for the payment on November 1, 2006, of the principal of, interest on and redemption premium of the Series 1996 D Bonds.

9. The Series 2006 A Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2006 A Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2006 A Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2006 A Bonds, the Resolution, the Continuing Disclosure Agreement and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. AR-1 through AR-16 of said issue, and in our opinion, said Series 2006 A Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

067740.00017

CH835035.2

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

Chase Tower, 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

October 19, 2006

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Berkeley County Public Service Sewer District (West Virginia) (the "Issuer") of its $240,000 in aggregate principal amount Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified) (the "Series 2006 B Bonds").

The Series 2006 B Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on July 19, 2006, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on July 19, 2006 and a Second Supplemental Resolution duly adopted by the Issuer on October 17, 2006 (collectively, the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2006 B Bonds are issued in fully registered form, are dated October 1, 2006, upon original issuance, mature on October 1 in years and amounts and bear interest payable each April 1 and October 1, commencing April 1, 2007, and are subject to optional redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Resolution.

The Series 2006 B Bonds are issued for the purposes of (i) paying a portion of the costs necessary to currently refund all of the Issuer's outstanding Sewer Refunding 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"); (ii) partially funding a reserve account for the Series 2006 A Bonds and the Series 2006 B Bonds (as hereinafter defined) issued concurrently herewith; and (iii) paying a portion of the costs of issuance of the Series 2006 A Bonds and the Series 2006 B Bonds and other costs in connection with such refunding.

The Series 2006 A Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated October 6, 2006, and accepted by the Issuer (the "Purchase Agreement").

TERRALEX
The Worldwide Network of Independent Law Firms

The Series 1996 D Bonds will be defeased pursuant to an Prepayment Agreement dated the date hereof, by and between the the Bank of New York (successor to One Valley Bank, National Association, corporate trust services) (the "Bank"), the West Virginia Municipal Bond Commission and the Issuer (the "Prepayment Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2006 B Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Agreement, the Prepayment Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2006 B Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agreement and has issued and delivered the Series 2006 B Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2006 B Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. The Series 2006 B Bonds have been duly authorized, issued, executed and delivered by the Issuer 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 the Issuer's First Lien Bonds and the Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) (the "Series 2006 A Bonds"), issued concurrently herewith, and senior and prior to the Second Lien Bonds, with respect to liens, pledge and source of and security for payment and in all other respects all in accordance with the terms of the Series 2006 B Bonds and the Resolution, as more fully defined and described in the Resolution.

5. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2006 B Bonds (including original issue discount properly allocable to owners of the Series 2006 B Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2006 B Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Series 2006 B Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2006 B Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2006 B Bonds set forth in the Resolution, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2006 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 2006 B Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2006 B Bonds.

6. Under the Act, the Series 2006 B Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2006 B Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

7. The Series 1996 D Bonds have been paid within the meaning and with the effect expressed in the 1996 Resolution and the Prepayment Agreement, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1996 D Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the Bank relating to the sufficiency of the moneys on deposit to provide for the payment on November 1, 2006, of the principal of, interest on and premium of the Series 1996 D Bonds.

8. The Series 2006 B Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2006 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2006 B Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2006 B Bonds, the Resolution, the Continuing Disclosure Agreement and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. BR-1 of said issue, and in our opinion, said Series 2006 B Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

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

Chase Tower, 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

October 19, 2006

Berkeley County Public Service Sewer District
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
And
Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified)

Berkeley County Public Service Sewer District
65 District Way
Martinsburg, West Virginia 25401

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by Berkeley County Public Service Sewer District (the "District") of its $3,905,000 aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2006A (Bank Qualified) and Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified) (collectively, the "Series 2006 Bonds"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2006 Bonds and the exclusion of interest on the Series 2006 Bonds from gross income for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinions, the Official Statement and such other matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings assigned to them in the Bond Purchase Agreement (the "Purchase Agreement") dated October 6, 2006, between the District and the Underwriter and approved by the District.

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto, is a legal, valid, binding and enforceable obligation of the District (except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles affecting creditors' rights generally).

(2) The District, under the Act, has full power and authority to adopt the Resolution, enter into the Continuing Disclosure Agreement (the "Undertaking") and the Purchase Agreement and perform its obligations thereunder.

TERRALEX
The Worldwide Network of Independent Law Firms

(3) The Official Statement has been duly approved, signed and delivered by the District, and the District has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the public offering of the Series 2006 Bonds.

(4) The statements contained in the Official Statement under the caption "Tax Matters" are true and accurate in all material respects and presents a fair and accurate summary and description of the matters summarized and described under such caption.

(5) The statements contained in the Official Statement under the captions "Security for the Series 2006 Bonds," (except for the statements made under the sub-captions "Book-Entry Only System" with respect to The Depository Trust Company), and "Financing Plan," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Resolution, are complete and accurate and present a fair summary of the matters referred to therein;

(6) The Series 2006 Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

STEPTOE & JOHNSON PLLC

10.18.06
067740.00017

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

Chase Tower, 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

October 19, 2006

$3,665,000
Berkeley County Public Service Sewer District
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)

Crews & Associates, Inc.
As the Underwriter named in the
Bond Purchase Agreement dated October 6, 2006
by and between said Underwriter and
the Berkeley County Public Service Sewer District

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

Ladies and Gentlemen:

We have served as bond counsel with respect to the above-referenced bonds (the "Series 2006 A Bonds"). The initial public offering prices of the Series 2006 A Bonds maturing on October 1, 2008 (the "Discount Bonds"), are less than the respective amounts payable on such Discount Bonds at maturity. The difference between the initial public offering price at which such Discount Bonds were sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of any original Holder of a Discount Bond, the amount of the OID which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the Holder in determining, for Federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity).

Interest in the form of OID is treated as compounding semiannually on days which are determined by reference to the maturity date of the Discount Bonds. The amount of OID, which is treated as having accrued in respect of a Discount Bond for any particular semiannual compounding period, is equal to the difference between the product of (a) one-half of the yield for the Discount Bonds (adjusted as necessary for an initial short period) and (b) the tax basis of the Discount Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the OID that is treated as having accrued during all prior semiannual compounding periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, the OID that would have accrued for that semiannual compounding period for Federal income tax purposes is to be apportioned in equal amount among the days in such compounding period. Holders of Discount Bonds should consult their own tax advisors with respect to the determination for Federal income tax purposes of OID accrued upon sale or redemption of such Discount Bonds, and with respect to the state and local tax consequences of owning such Discount Bonds.

Very truly yours,

Steptoe & Johnson PLLC

STEPTOE & JOHNSON PLLC

144220.00011

LAW OFFICES
GOODWIN & GOODWIN, LLP
300 SUMMERS STREET, SUITE 1500
CHARLESTON, WEST VIRGINIA 25301-1678
P. O. BOX 2107
CHARLESTON, WEST VIRGINIA 25328-2107
TELEPHONE (304) 346-7000
TELECOPIER (304) 344-9692
www.goodwingoodwin.com

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

P.O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

October 19, 2006

Crews & Associates, Inc.
Charleston, West Virginia

Re: $3,665,000 Berkeley County Public Service Sewer District
Sewer Refunding Revenue Bonds, Series 2006 A (Bank-Qualified) and
$240,000 Berkeley County Public Service Sewer District
Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified)

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by the Berkeley County Public Service Sewer District (the "District") of its Sewer Refunding Revenue Bonds, Series 2006 A (Bank-Qualified), in the aggregate principal amount of $3,665,000, and its Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified), in the aggregate principal amount of $240,000 (collectively, the "Series 2006 Bonds"). In connection with rendering this opinion, we have examined the Official Statement dated October 6, 2006, the Bond Purchase Agreement dated October 6, 2006 (the "Purchase Agreement"), and Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

Based upon the foregoing review, we are of the opinion that you are not required to comply with the requirements of paragraph (b)(5) of the Rule.

Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the District, counsel for the District, Bond Counsel and the Underwriter, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe that

the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, including Appendix B thereto as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Series 2006 Bonds.

Respectfully submitted,

Goodwin + Goodwin, LLP

GOODWIN & GOODWIN, LLP

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

October 19, 2006

Berkeley County Public Service Sewer District
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
And
Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified)

Berkeley County Public Service Sewer District
65 District Way
Martinsburg, West Virginia 25401

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301

Steptoe & Johnson PLLC
P.O. Box 1588
Charleston, West Virginia 25326

Ladies and Gentlemen:

I have acted as counsel for Berkeley County Public Service Sewer District (the "District") and have acted as such in connection with the sale of the above-referenced Bonds (collectively, the "Series 2006 Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of October 6, 2006 (the "Purchase Agreement") between Crews & Associates, Inc. (the "Underwriter") and the District. Any capitalized terms used herein and not defined shall have the meaning assigned to it in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2006 Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, specifically Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), the Resolution of the District relating to the Series 2006 Bonds adopted on July 19, 2006, as supplemented and amended by a Supplemental Parameters Resolution adopted July 19, 2006 (collectively, the "Resolution"), the Purchase Agreement, the Official Statement dated October 6, 2006, with respect to the issuance and offering of the Series 2006 Bonds (collectively, the "Official Statement") and a closing certificate of the District. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The District is a public service district and a public corporation and political subdivision of the State of West Virginia. The District is authorized by the laws of the State of West Virginia, as provided by the Act, to enter into and perform its obligations under the Resolution, the Undertaking and the Purchase Agreement.

2. The District has full power and authority to consummate all transactions contemplated by the Series 2006 Bonds, the Purchase Agreement, the Undertaking and any and all other agreements relating thereto, to which the District is a party.

3. The District has duly authorized all action necessary to be taken by it or on its behalf for (i) the execution and delivery of the Undertaking and the Purchase Agreement; (ii) the approval of the distribution of the Official Statement; (iii) the ratification of the actions of the District and the issuance and delivery of the Series 2006 Bonds upon the terms set forth in the Resolution; and (iv) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Undertaking and the Purchase Agreement have been duly and validly authorized, executed and delivered by the District and the same are in full force and effect as of the date hereof and are valid and legally binding obligations of the District, enforceable against the District in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally.

5. The Resolution has been duly adopted at meetings of the governing body (Board) of the District which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of the enactment of the Resolution.

6. The execution and delivery by the District of the Undertaking and the Purchase Agreement and the performance of its obligations thereunder do not and will not result in a violation of any provision of, or in default under, the West Virginia statutes organizing and governing the District or, to the best of my knowledge after diligent inquiry and review of the District's records, any agreement or other instrument to which the District is a party or by which it or its properties are bound.

7. All actions necessary to be taken by the District have been taken, and no additional approval, authorization, consent or other order of the District or any public board or body is legally required to allow the District to enter into and perform its obligations under the Purchase Agreement or as described in the Official Statement.

8. The District is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the District.

9. There is no litigation pending or actions, proceedings, inquiries or investigations pending or threatened to which the District is a party or of which any property of the District is subject, except as described in the Official Statement, which, if determined adversely to the District, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Series 2006 Bonds, the Undertaking or the Purchase Agreement, (ii) otherwise materially or adversely affect the ability of the District to comply with its

obligations under the Purchase Agreement, or materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the District.

10. Based upon my experience as counsel for the District and on my review of the Official Statement, and after diligent inquiry, the statements and information contained in the Official Statement under the captions or subcaptions "Financing Plan," "The Series 2006 Bonds," "Security for the Series 2006 Bonds," "The System," "Approval of Legality" and "Continuing Disclosure" do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

I hereby consent to the references made to me in the Official Statement.

Very truly yours,

William F. Rohrbaugh, Esquire
W. Va. State Bar No. 5048

$3,905,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. PUBLIC SERVICE COMMISSION APPROVAL
5. AWARD OF SERIES 2006 BONDS; SIGNATURES
6. DELIVERY AND PAYMENT
7. CERTIFICATION OF DOCUMENTS
8. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
9. MEETINGS, ETC.
10. INCUMBENCY AND OFFICIAL NAME
11. RATES
12. DEFEASANCE OF THE SERIES 1996 D BONDS
13. OFFICIAL STATEMENT CERTIFICATION
14. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 8(c)(5);
15. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
16. IRS INFORMATION RETURN
17. SPECIMEN SERIES 2006 BONDS
18. RELIANCE
19. USE OF SERIES 2006 BOND PROCEEDS
20. COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of Berkeley County Public Service Sewer District, West Virginia (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the $3,665,000 aggregate principal amount of the Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) (the "Series 2006 A Bonds") and the $240,000 aggregate principal amount of the Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified) (the "Series 2006 B Bonds," and collectively with the Series 2006 A Bonds, the "Series 2006 Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings set forth in the bond resolution of the Issuer duly adopted July 19, 2006, as supplemented by a supplemental parameters resolution duly adopted July 19, 2006, and a Second Supplemental Resolution dated October 17, 2006 (collectively, the "Bond Legislation"), and the Bond Purchase Agreement dated October 6, 2006 (the "Bond Purchase Agreement"), by and between the Issuer and the Underwriter.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance and delivery of the Series 2006 Bonds, or the collection of the Net Revenues of the System or the pledge thereof to the payment of the principal of and interest on the Series 2006 Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2006 Bonds, nor in any manner affecting the validity or enforceability of the Series 2006 Bonds, the Bond Legislation, the Undertaking, the Prepayment Agreement or the Bond Purchase Agreement or any agreement or instrument relating thereto, used or contemplated by the Bond Purchase Agreement or any provisions made or authorized for the payment of the Series 2006 Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Chairman, Secretary and the members of the public service board of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the issuance, sale and delivery of the Series 2006 Bonds or the refunding and payment of the Series 1996 D Bonds which are not set forth in the Official Statement relating to the Series 2006 Bonds.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the current refunding of the Series 1996 D Bonds and the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2006 Bonds, have been duly and timely obtained and remain in full force and effect.

4. PUBLIC SERVICE COMMISSION APPROVAL: The Public Service Commission of West Virginia has approved the issuance of the Series 2006 Bonds for the purpose of currently refunding the Series 1996 D Bonds by Commission Order entered September 19, 2006, in Case No. 06-0874-PSD-PC. The time for appeal of the Commission Order has expired prior to the date hereof.

5. AWARD OF SERIES 2006 BONDS; SIGNATURES: The Series 2006 Bonds were awarded to Crews & Associates, Inc. (the "Underwriter") pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $3,835,217.90 (representing par value less an Underwriter's discount of $78,100 less an original issue discount of $84.10, plus interest accrued of $8,402 on the Series 2006 Bonds from October 1, 2006 to October 19, 2006 (the "Closing Date").

As of the date hereof, the Series 2006 Bonds were duly signed by the manual signature of the Chairman of the Issuer, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed thereon and attested by the manual signature of the Secretary of the Issuer.

6. DELIVERY AND PAYMENT: The undersigned Chairman did, on the date hereof, deliver to the Underwriter, the entire issue of the Series 2006 A Bonds, in various denominations and numbered AR-1 to AR-16, inclusive, and the Series 2006 B Bonds, in various denominations and numbered BR-1. At the time of delivery of the Series 2006 Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Par Amount	$3,905,000.00
Less: Underwriter's Discount	(78,100.00)
Plus: Accrued Interest (October 1, 2006 to October 19, 2006)	8,402.00
Less: Original Issue Discount	(84.10)
Total	$3,835,217.90

The Issuer has approved the transfer of $85,442.64 from the Series 1996 Bonds Sinking Fund and $3,847,814.76 from the Series 2006 Bond Proceeds held by the West Virginia Municipal Bond Commission to the Bank of New York to provide sufficient funds to currently refund the Series 1996 D Bonds. The Issuer has also approved the transfer of all monies and/or investments held in the Series 1996 D Bonds Reserve Account held by the West Virginia Municipal Bond Commission to be transferred the Series 2006 A Bonds Reserve Account to provide sufficient funds to fully fund the Series 2006 Bonds Reserve Account. The Series 1996 Bonds Reserve Account is invested in a guaranteed investment contract that matures on April 1, 2007, in the amount of $331,093.76. On that date, the securities will mature, and $317,232.50 of the proceeds thereof will be reinvested under the same terms of the existing investment contract and credited to the Series 2006 A and Series 2006 B Bonds Reserve Account.

7. CERTIFICATION OF DOCUMENTS: There are delivered herewith true, correct and complete copies of the following documents, all of which remain in full force and effect and have not been amended, modified, supplemented, rescinded or repealed unless changed by the terms of other documents listed below:

Bond Resolution

Supplemental Parameters Resolution

Certificate of Determination

Second Supplemental Resolution

Public Service Commission Order

County Commission Orders Relating to Creation of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Official Statement

Bond Purchase Agreement

Continuing Disclosure Agreement

Prepayment Agreement

Verification Report

Consent of West Virginia Water Development Authority

8. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System of the Issuer since October 3, 2006. Upon defeasance of the Series 1996 D Bonds on the date hereof, there is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Series 2006 Bonds as to the sources of and security for payment, except the First Lien Bonds described in the Official Statement. The Issuer has obtained the consent of the holders of the First Lien Bonds and Second Lien Bonds to the issuance of the Series 2006 Bonds in the lien position as set forth in the Resolution.

9. 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 Series 2006 Bonds and/or operation of the System, including without limitation the imposition of rates and charges, were authorized or adopted at meetings of the public service board of the Issuer duly and regularly called and held pursuant to the rules of procedure of the public service board of the Issuer and all applicable statutes, including without limitation Chapter 6, Article 9A of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the public service board was present and acting at all times during all such meetings. All notices required to be posted or published were duly posted and published.

10. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Berkeley County Public Service Sewer District" and its principal office and place of business are in Berkeley County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
John Kunkle	07/01/04	06/30/2010
John Myers	07/01/03	06/30/2009
Ronald C. Collins	07/01/05	06/30/2011

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2006 are as follows:

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

The duly appointed and acting Attorney for the Issuer is William F. Rohrbaugh, of Martinsburg, West Virginia. The duly appointed General Manager for the Issuer is Curtis B. Keller.

11. RATES: The rates for the System, as approved by the Public Service Commission of West Virginia, are in full force and effect.

12. DEFEASANCE OF THE SERIES 1996 D BONDS: The funds on deposit with the Commission pursuant to the Prepayment Agreement by and between the

Issuer and The Bank of New York (successor to One Valley Bank, National Association, corporate trust services), the paying agent of the Series 1996 D Bonds, dated as of the date hereof, are sufficient to fully pay the entire outstanding principal of, the redemption premium and all interest accrued on the Series 1996 D Bonds on November 1, 2006, the Redemption Date. As of the date of hereof, the Series 1996 D Bonds have been defeased and currently refunded and the liens and pledges securing the Series 1996 D Bonds have been discharged and defeased.

13. OFFICIAL STATEMENT CERTIFICATION: At and since the date of the Official Statement nothing has come to the attention of any signer hereof which would lead any such signer to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

14. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 8(c)(5): In addition to the foregoing, the undersigned hereby certify, as of the date hereof, that: (i) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing and that each of its representations and warranties contained in the Bond Purchase Agreement are true as of the Closing, (ii) the Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Series 2006 Bonds, the Bond Legislation, the Undertaking, and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to our knowledge no litigation is pending, or to our knowledge threatened, to restrain or enjoin the issuance or sale of the Series 2006 Bonds or in any way affecting any authority for or the validity of the Series 2006 Bonds, the Bond Legislation or the Issuer's existence or powers or the Issuer's right to use the proceeds of the Series 2006 Bonds to refund the Series 1996 D Bonds and Series 1996 D Bonds, (iv) the execution, delivery, receipt and due performance of the Series 2006 Bonds, the Bond Legislation, the Undertaking and the other agreements contemplated by the Bond Purchase Agreement and the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on its part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which it is subject or by which it is or may be bound, and (v) the Issuer is obligated by the Undertaking established in the Continuing Disclosure Agreement and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5).

15. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of United Bank, Inc., Charleston, West Virginia, as Registrar, the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent, and Sesquehanna Bank, Martinsburg, West Virginia, as Depository Bank.

16. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially sign a properly completed IRS Form 8038-G for each series and will cause such executed Form 8038-Gs to be filed in a timely manner with the Internal Revenue Service Center, Ogden, Utah. The information set forth in such Form 8038-Gs are true, correct and complete in all respects.

17. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Series 2006 Bonds.

18. RELIANCE: The undersigned acknowledge that it is intended that interest on the Series 2006 Bonds be exempt from federal income tax in the hands of the owners thereof, that the firm of Steptoe & Johnson PLLC is rendering opinions on the date hereof to said effect and with respect to other matters, and that, in rendering said opinions, said firm is relying, among other things, upon the statements made herein. Said firm is entitled to rely upon such statements.

19. USE OF SERIES 2006 BOND PROCEEDS: The proceeds of the Series 2006 Bonds not used to currently refund the Series 1996 D Bonds, fund a reserve account for the Series 2006 Bonds or to pay costs of issuance of the Series 2006 Bonds and other costs in connection with such refunding, and all moneys returned to the Issuer by the Commission from the Series 1996 D Bonds Sinking Fund and the Series 1996 D Bonds Reserve Account, if any, shall be expended on capital projects of the Issuer within not more than six (6) months of October 31, 2006.

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

WITNESS our signatures and the official corporate seal of the BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT on this 19th day of October, 2006.

[CORPORATE SEAL]

Signature	Official Title
_____	Chairman
_____	Secretary
_____	Attorney

10/09/06
067740/00017

$3,905,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

TAX AND NON-ARBITRAGE CERTIFICATE

The undersigned, Chairman of Berkeley County Public Service Sewer District (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of the $3,665,000 Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) (the "Series 2006 A Bonds") and $240,000 Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified) (the "Series 2006 B Bonds"), of the Issuer, all dated October 1, 2006 (collectively, the "Series 2006 Bonds"), hereby certifies as follows, all capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Resolution adopted by the Issuer on July 19, 2006, as supplemented (collectively, the "Resolution"), pursuant to which the Series 2006 Bonds are issued:

A. DEFINITIONS

The following words and phrases shall have the following meanings or such other meanings as may be required under the Code or the Regulations. Any capitalized word or term used herein but not defined herein shall have the meaning set forth in the Resolution.

"**Bona Fide Debt Service Fund**" shall mean a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth (1/12th) of the principal and interest payments on the Series 2006 Bonds for the immediately preceding Bond Year.

"**Bond Act**" means Article 13A of Chapter 16 of the Code of West Virginia of 1931, as amended.

"**Bond Counsel**" means the law firm or firms delivering its or their approving opinion or opinions with the respect to the issuance of the Series 2006 Bonds and the exclusion of interest on the Series 2006 Bonds from gross income for the purposes of federal income taxation.

"**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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"**Bond Yield**" means the yield of the Series 2006 Bonds, calculated in accordance with the provisions of Section 1.148-4 of the Regulations.

"**Code**" means the Internal Revenue Code of 1986, as amended, and all rulings and regulations promulgated thereunder.

"**Computation Date**" means each Installment Computation Date and the Final Computation Date.

"**Computation Date Credit**" means $1,000.00. Only one Computation Date Credit for each Computation Date is permitted for the Series 2006 Bonds.

"**Costs of Issuance**" means all costs incurred in connection with the issuance of the Series 2006 Bonds within the meaning of Section 147(g) of the Code. Examples of costs of issuance include (but are not limited to):

(a) underwriters' spread (whether realized directly or derived through purchase of the Series 2006 Bonds at a discount below the price at which a substantial number of Series 2006 Bonds are sold to the public);

(b) counsel fees (including Bond Counsel, Underwriters' Counsel, Issuer's Counsel, Insurance Company's Counsel, and any other specialized counsel fees incurred in connection with the issuance of the Series 2006 Bonds);

(c) financial advisor fees incurred in connection with the issuance of the Series 2006 Bonds;

(d) trustee fees and registrar fees;

(e) paying agent, disbursement agent, and certifying and authenticating agent fees related to issuance of the Series 2006 Bonds;

(f) accountant fees related to issuance of the Series 2006 Bonds;

(g) printing costs (for the Series 2006 Bonds and of preliminary and final offering materials); and

(h) costs incurred in connection with any required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum).

"**Date of Issue**" means October 19, 2006.

"**Discharged**" means, with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due if cash is available at the place of payment and no interest accrues with respect to the Bond after such date.

"**Fair Market Value**" of an Investment means as follows:

(a) In General. Except as specifically otherwise provided below, the Fair Market Value of an Investment is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm's length transaction. The Fair Market Value of an Investment that is purchased directly from the United States Treasury is its purchase price.

(b) Safe Harbor for Establishing Fair Market Value for Guaranteed Investment Contracts and Investments Purchased for a Yield Restricted Defeasance Escrow. The purchase price of a guaranteed investment contract is treated as its Fair Market Value on the purchase date if -

(i) The institution makes a bona fide solicitation for a specified guaranteed investment contract and reserves at least three (3) bona fide bonds from providers that have no material financial interest in the issue (e.g. as underwriters or brokers);

(ii) The institution purchases the highest yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees);

(iii) The yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to persons from a source of funds other than gross proceeds of tax exempt bonds;

(iv) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the Issuer's reasonably expected draw down schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) The terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and

(vi) The obligor on the governmental investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract.

(c) Safe Harbor for Establishing Fair Market Value for Certificates of Deposit. The Fair Market Value of a certificate of deposit is its purchase price if it has a fixed rate of interest, a fixed payment schedule, and a substantial penalty for early withdrawal and the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States; and (ii) the highest yield that is published or posted by the provider to be currently available on reasonably comparable certificates of deposit offered to the public.

"**Final Computation Date**" means the date on which the last Bond is Discharged.

"**Future Value**" means the amount determined by using the following formula:

$$FV = PV(1+i)^n$$

where:

FV = The future value of the nonpurpose receipt or payment at the end of the interval. Each interval ends on the last day of a compounding interval. The compounding interval is the same compounding interval used in computing the Bond Yield.

PV = The future value of the nonpurpose receipt or payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the nonpurpose receipt or payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every nonpurpose receipt and payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar. The preceding sentence shall not apply to receipts and payments with respect to investments in a restricted escrow within the meaning of Section 1.148-8(g) of the Regulations.

i = The Bond Yield during the interval (expressed as a decimal) divided by the number of compounding intervals in a year.

^{n} = A fraction, the numerator of which is the length of the interval and the denominator of which is the length of a whole compounding interval.

"**Gross Proceeds**" means Proceeds and Replacement Proceeds of the Series 2006 Bonds within the meaning of the Regulations.

"**Installment Computation Date**" means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

"**Investment**" means any security, obligation, annuity contract, or investment type property as defined in section 148(b) of the Code.

"**Investment Proceeds**" means any amounts actually or constructively received from investing Proceeds of an issue of bonds.

"**IRS**" means the Internal Revenue Service.

"**Issue Price**" means $3,913,402 being the initial offering price to the public at which price a substantial amount of the Series 2006 Bonds is sold, and includes accrued interest on the Series 2006 Bonds. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Series 2006 Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a different price. The Issue Price of bonds that are not substantially identical is determined separately. The Issue Price of a bond issue for which a bona fide public offering is made is determined as of the sale date based on reasonable expectations regarding the initial public offering price. The Issue Price of the Series 2006 Bonds may not exceed their fair market value as of the sale date.

"**Net Sale Proceeds**" means Sale Proceeds less the amount of those Sale Proceeds invested in a reasonably required reserve or replacement fund under section 148(d) of the Code and as part of a minor portion under section 148(e) of the Code.

"**Nonpurpose Investment**" means any Investment that is not acquired to carry out the governmental purpose of an issue.

"**Payment**" means a payment as defined in section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a payment as defined in section 1.148-5(b) of the Regulations for purposes of computing the Yield on an Investment.

"**Present Value**" means the amount determined by using the following formula:

$$PV = \frac{FV}{(1+i)^n}$$

where i equals the discount rate divided by the number of compounding intervals in a year and n equals the sum of (i) the number of whole compounding intervals for the period ending on the date as of which the Future Value is determined and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

"**Present Value of an Investment**" shall mean the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Series 2006 Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"**Proceeds**" means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received that with respect to an Investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under section 1.148-2(d) of the Regulations or section 143(g) of the Code or to qualified administrative cost recoverable under section 1.148-5(e).

"**Rebate Amount**" means, in respect of the Series 2006 Bonds, the amount determined pursuant to the Code and Regulations in accordance with section E(1) hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Series 2006 Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments computed in accordance with the Regulations.

"**Rebate Analyst**" means the entity or person chosen by the Issuer in accordance with Section E(3) hereof to determine the Rebate Amounts.

"**Rebate Payment Date**" means the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"**Receipt**" means a receipt as defined in section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a receipt as defined in section 1.148-5(b) of the Regulations for purposes of computing Yield on an Investment.

"**Regulation**" or "**Regulations**" means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Series 2006 Bonds.

"**Replacement Proceeds**" means amounts that are treated as replacement proceeds of an issue of bonds under section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

"**Sale Proceeds**" means amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter's discount and compensation and accrued interest other than pre-issuance accrued interest). Sale Proceeds also include, but are not limited to, amounts derived from the sale of a right that is associated with a Bond and that is described in Section 1.148-4(b)(4) of the Regulations.

"**Tax-Exempt Bond**" means any tax-exempt bond within the meaning of section 103 of the Code and section 1.150-1 of the Regulations that is not investment property within the meaning of section 148(b)(3) of the Code.

"**Transferred Proceeds**" means Proceeds of a prior issue of bonds that have ceased to be allocated to that prior issue and are treated as Proceeds of a refunding issue under section 1.148-9 of the Regulations.

"**Transferred Proceeds of the Bonds**" means amounts that have ceased to be allocated to Prior Bonds and are treated as Transferred Proceeds of the Series 2006 Bonds.

"**Underwriter**" means Crews & Associates, Inc., Charleston, West Virginia.

"**Universal Cap**" means the maximum value of Nonpurpose Investments which may be allocated to the Series 2006 Bonds under section 1.148-6 of the Regulations and is determined by reference to the Value of all outstanding Series 2006 Bonds of the issue. For purposes of this determination Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

"**Valuation Date**" means the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Series 2006 Bonds thereunder must be determined under section 1.148-6 of the Regulations. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date. In addition, the Regulations provide with respect to a refunded issue (e.g., the Prior Bonds) and a refunding issue (i.e., the Series 2006 Bonds) each date on which proceeds of the refunded issue would become transferred proceeds of the refunding issue, e.g., each date on which principal of the refunded issue is paid with proceeds of the refunding bonds, constitutes a Valuation Date.

"**Value of a Bond** " means the value of a bond determined under section 1.148-4(e) of the Regulations. Under those Regulations, value generally means:

> (a) In the case of a plain par bond (within the meaning of section 1.148-1(b) of the Regulations), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a plain par bond actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and
>
> (b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date, using the yield on the issue of which the bonds are a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

"**Value of an Investment**" means the value of an investment determined under section 1.148-5(d) of the Regulations. Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of section 1.148-1(b) of the Regulations) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of section 1.148-1(b) of the Regulations), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

"**Yield**" or "**yield**" means the yield computed under section 1.148-4 of the Regulations for the Series 2006 Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"**Yield Restricted Investments**" means any Investments which either (1) bear a yield that is no greater than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (the "Code"). I am an officer of the Issuer charged with the responsibility of issuing the Series 2006 Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on October 19, 2006, the date on which the Series 2006 Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Issuer has covenanted in the Resolution that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2006 Bonds which would cause the Series 2006 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2006 Bonds) so that the interest on the Series 2006 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

6. The Series 2006 Bonds were sold on October 19, 2006, to the Underwriter for a purchase price of $3,826,815.90 (par amount of $3,905,000, less original issue discount of $84.10, less underwriter's discount of $78,100) plus interest accrued thereon in the amount of $8,402.

7. The Series 2006 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of providing monies, together with the monies transferred from the Series 1996 D Bonds Sinking Fund, necessary (i) to currently refund the Series 1996 D Bonds on November 1, 2006; (ii) to fund a debt service reserve account for the Series 2006 Bonds, and (iii) to pay costs of issuance of the Series 2006 Bonds and related costs.

8. [RESERVED]

C. DEFEASANCE

1. The face amount of the Series 2006 Bonds is $3,905,000. The sources and uses of proceeds of the Series 2006 Bonds and the monies transferred from the Series 1996 D Bonds Sinking Fund, in connection with the refunding of the Series 1996 D Bonds is as follows:

Par Amount of Series 2006 A Bonds	$3,665,000.00
Par Amount of Series 2006 B Bonds	$ 240,000.00
Series 1996 D Revenue Account	$ 331,093.76
Series 1996 D Reserve Account	$ 85,442.64
Original Issue Discount	$ (84.10)
TOTAL SOURCES	$4,321,452.30

2. The proceeds of sale of the Series 2006 Bonds, together with the monies transferred from the Series 1996 D Bonds Sinking Fund, will be applied as follows:

Deposit to Series 1996 D Bonds Sinking Fund	$3,847,814.76
Deposit to Series 2006A and Series 2006B Bonds Reserve Account	$ 331,093.76
Underwriter's Discount	$ 78,100.00
Costs of Issuance	$ 64,443.78
TOTAL USES	$4,321,452.30

3. The Underwriter has stated, in its certificate, a copy of which is attached as EXHIBIT A - UNDERWRITER'S CERTIFICATE hereto (the "Underwriter's Certificate") that the Series 2006 Bonds have been reoffered, and a substantial amount thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial offering prices not greater than the respective prices shown on the cover page of the Official Statement for the Series 2006 Bonds, including interest accrued on the Series 2006

determined to be 4.41965%, based on a "purchase price" equal to the Issue Price for the Series 2006 Bonds (including accrued interest thereon).

4. The Issuer has entered into a Prepayment Agreement for Series 1996 D Bonds (the "Prepayment Agreement"), dated October 19, 2006, with The Bank of New York (successor to One Valley Bank, National Association, corporate trust services), as Prepayment Agent. Provision will be made for the payment of the Series 1996 D Bonds by wiring to the Prepayment Agent $3,762,372.12 from the proceeds of the Series 2006 Bonds and $85,442.64 from the Series 1996 D Bonds Sinking Fund, which will provide funds sufficient to provide for the payment of the outstanding principal of and interest on, plus a redemption premium for, the Series 1996 D Bonds on November 1, 2006, being the redemption date.

D. THE SERIES 2006 BONDS

1. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Series 2006 Bonds are detailed in the Series 2006 Bonds.

2. Using the initial offering price of the Series 2006 Bonds as the "purchase price" and taking into account accrued interest the yield on the Series 2006 Bonds is computed by the Underwriter to be 4.41965% (the "Bond Yield").

3. A Sinking Fund for each series of the Series 2006 Bonds is created under the Resolution. Monies deposited in each Sinking Fund, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to each series of the Series 2006 Bonds. The Series 2006 Bonds all bear interest at a fixed interest rate and the average maturity of the Series 2006 Bonds is in excess of 5 years. The Sinking Funds are designed to achieve a proper matching of the Issuer's revenues and debt service on each series of the Series 2006 Bonds within each Bond Year. All monies held in each Sinking Fund will be used to pay debt service on each respective series of Series 2006 Bonds. All Sale Proceeds of the Series 2006 Bonds deposited in either Sinking Fund will constitute accrued interest on the Series 2006 Bonds and will be applied to pay interest on the Series 2006 Bonds on the first interest payment date, being April 1, 2007. Each Sinking Fund qualifies as a Bona Fide Debt Service Fund and all monies in each Sinking Fund will be invested without restriction as to yield and are not subject to rebate.

4. A combined Reserve Account is created under the Resolution for the Series 2006 Bonds in an aggregate amount equal to 125% of the Average Annual Debt Service on the Series 2006 Bonds (the "Reserve Account Requirement"). The Reserve Account is being funded by the transfer of the Series 1996 D Bonds Reserve Account monies

to the Series 2006 Bonds Reserve Account. The Reserve Account Requirement is equal to 125% of the average annual principal and interest requirements of the Series 2006 Bonds, is not in excess of 10% of the stated principal amount of the Series 2006 Bonds and is not in excess of the maximum annual principal and interest requirements of the Series 2006 Bonds. The monies in the Reserve Account will be invested without restriction as to yield. All earnings on amounts deposited in the Reserve Account will, to the extent the yield thereon exceeds the yield on the Series 2006 Bonds, be subject to rebate.

5. [RESERVED]

6. A Redemption Account for each series of the Series 2006 Bonds is created under the Resolution. In the event monies are deposited into either Redemption Account, to the extent they are not part of a Bona Fide Debt Service Fund, they will, to the extent the yield thereon exceeds the yield on the Series 2006 Bonds, be subject to rebate. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

7. A Costs of Issuance Fund is created under the Resolution to be funded from proceeds of the Series 2006 Bonds in the amount of $64,443.78 to pay costs of issuance of the Series 2006 Bonds. All such amounts shall be fully expended within 6 months from the date hereof. Pending such disbursement, such monies will be invested without restriction as to yield and are not subject to rebate.

8. [RESERVED]

9. Other than the funds and accounts described above, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay Debt Service on the Series 2006 Bonds or which are pledged as collateral to secure repayment of Debt Service on the Series 2006 Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Series 2006 Bonds.

10. Accrued interest with respect to the Series 2006 Bonds in an amount less than 6 month's interest on the Series 2006 Bonds may be applied within one year from the date hereof toward the payment of interest first due on the Series 2006 Bonds, as detailed in the Schedules. Pending such disbursement, such monies, if any, will be invested without restriction as to yield.

E. <u>REBATE OF EXCESS ARBITRAGE</u>

1. Rebate Fund; Calculation of Rebate Amount.

(a) Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess. Except as provided below, and as previously set forth as excepted in Section D hereof, the Sinking Funds, the Reserve Account, the Costs of Issuance

Fund and all other funds or accounts treated as containing Gross Proceeds are subject to this requirement.

(b) Pursuant to the Resolution, the Issuer has created the Rebate Fund to be held by the Depository Bank. On or before 45 days following each Computation Date, an amount shall be deposited into the Rebate Fund by the Issuer so that the balance held in the Rebate Fund shall equal the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date. Monies so deposited shall be derived from the Issuer's own funds.

(c) To meet the rebate requirements of Section 148(f) of the Code, the Issuer (or the Rebate Analyst described in Section E(3) hereof) agrees and covenants to take the following actions:

(i) For each investment of (i) amounts held in the Reserve Account, (ii) Transferred Proceeds of the Series 2006 Bonds, and (iii) any other monies held by the Issuer which constitute Gross Proceeds, the Issuer shall record the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(ii) For each Installment Computation Date with respect to Rebate Amounts specified in paragraph (iii) below, the Issuer shall compute the Yield on the Series 2006 Bonds as required by the Code and Regulations. If the Series 2006 Bonds are redeemed prior to their scheduled maturity, the Issuer agrees to seek the advice of Bond Counsel or other rebate expert to recompute the Yield on the Series 2006 Bonds as required by the Regulations.

(iii) For each Computation Date, the Issuer shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (i) above this section E(1)(c) that are allocable to Gross Proceeds of the Series 2006 Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Series 2006 Bonds, any unrealized gains or losses as of the date of retirement of the Series 2006 Bonds must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

(iv) In determining the Nonpurpose Investments that are allocable to Gross Proceeds of the Series 2006 Bonds, the Issuer shall consider the allocation rules set forth in the Regulations,

including the rules relating to the Universal Cap. In general, the Universal Cap represents the maximum value of Nonpurpose Investments that may be allocated to an issue of bonds and is determined by reference to the Value of all the outstanding bonds of the issue.

(v) For each Computation Date, the Issuer shall calculate for each Nonpurpose Investment described in paragraph (iii) above, an amount equal to the earnings which would have been received on such Nonpurpose Investment at an interest rate equal to the Yield on the Series 2006 Bonds as described in paragraph (ii) above. The method of calculation shall follow that set forth in the Regulations.

(vi) In determining the amount of any rebate computed pursuant to this section, all earnings on any Bona Fide Debt Service Fund to the extent such earnings do not exceed $100,000 in any Bond year shall not be taken into account.

(vii) For each Computation Date, the Issuer shall calculate the Rebate Amount (computed from the Issue Date of the Series 2006 Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Series 2006 Bonds, taking into account any computation credit allowed thereunder. In determining the Rebate Amount, the Issuer shall account for the amounts determined under paragraphs (iii), (iv), and (v) above.

(viii) If the Rebate Amount exceeds the amount on deposit in the Rebate Account, the Issuer shall immediately pay that amount, or cause that amount to be paid, into the Rebate Account.

2. Payment to United States. (a) Installment Computation Dates. Unless the Series 2006 Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Series 2006 Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Series 2006 Bonds to each such Installment Computation Date).

(b) Final Computation Date. The Issuer shall pay to the United States, not later than sixty (60) days after the last outstanding Series 2006 Bonds are paid or redeemed, one hundred percent (100%) of the Rebate Amount for the Final Computation Date (computed from the date of issuance of the Series 2006 Bonds to the Final Computation Date).

(c) Mailing of Rebate Payment. Each Payment of an installment shall be mailed to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Series 2006 Bond with the latest maturity.

(d) Excess Balance in Rebate Fund; Excess Rebate Payments. If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate Amount attributable to the Series 2006 Bonds, such excess may be withdrawn by the Issuer from the Rebate Fund. The Issuer may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United States under any procedure that may be permitted by the Code or the Regulations.

(e) Recordkeeping. In connection with the rebate requirement, the Issuer shall maintain (or cause to be maintained) the following records:

(i) The Issuer shall record all amounts paid to the United States pursuant to Section E(2) hereof.

(ii) The Issuer shall retain records of the rebate calculations until six years after the Final Computation Date.

(iii) The Issuer shall keep and record the data described in Section E(1)(c) hereof pertaining to the investment of the proceeds of the Series 2006 Bonds until six years after the Final Computation Date.

3. Rebate Analyst. (a) A Rebate Analyst shall be appointed to perform the rebate calculations, as required herein.

(b) The Issuer may rely conclusively upon the opinions, calculations, determinations, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith.

4. Failure to Pay Rebate Amounts. In the event the Issuer fails to pay at the proper time and in the proper amounts, any Rebate Amount, it will pay the rebate amount plus interest within 180 days after discovery of such failure as set forth in Section 1.148-3(h)(3) of the Regulations. Notwithstanding the foregoing, in the event the Issuer fails to pay at the proper time and in the proper amount any Rebate Payment or correction amount, it hereby covenants and agrees to pay any penalty required by Internal Revenue Service in lieu of a declaration of taxability on the Series 2006 Bonds.

F. MISCELLANEOUS

1. The amount designated as "Cost of Issuance" of the Series 2006 Bonds consists only of costs which are directly related to and necessary for the issuance of the Series 2006 Bonds and refunding of the Series 1996 D Bonds.

2. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah. The Form 8038-G attached hereto as EXHIBIT B - FORM 8038-G is, to the best of my knowledge, true and correct, and may be relied upon by Bond Counsel.

3. None of the proceeds of the Series 2006 Bonds will be used (directly or indirectly) in any trade or business carried on by, or will be used to make or finance loans to, any person who is not a governmental unit.

4. The original proceeds of the Series 2006 Bonds will not exceed the amount necessary for the purpose of the issue, except to the extent any such proceeds are required for rebate to the United States.

5. The Issuer shall use the proceeds of the Series 2006 Bonds solely to currently refund the Series 1996 D Bonds; to fund Reserve Account for the Series 2006 Bonds; and to pay costs of issuance thereof.

6. The Issuer shall not permit at any time or times any of the proceeds of the Series 2006 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2006 Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Series 2006 Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder.

7. The Series 2006 Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

8. The Issuer has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Series 2006 Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Series 2006 Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

9. On each Valuation Date, the Issuer agrees to value the Universal Cap and the Nonpurpose Investments allocable to the Series 2006 Bonds thereunder in accordance with the Regulations. Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Series 2006 Bonds as of a

Valuation Date shall not be considered a violation of this provision if the application of the Universal Cap would not result in a reduction or reallocation of Gross Proceeds of an issue.

10. [RESERVED]

11. No portion of the proceeds of the Series 2006 Bonds will be used directly or indirectly to replace funds of the Issuer or other related governmental agency that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Series 2006 Bonds.

12. In connection with the Series 2006 Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax and Arbitrage Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Series 2006 Bonds or any contract securing the Series 2006 Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Issuer or related governmental agencies with any registered owner of the Series 2006 Bonds.

13. The Series 2006 Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

14. No other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Series 2006 Bonds or which will be paid directly or indirectly from proceeds of the sale of the Series 2006 Bonds.

15. Gross Proceeds of the Series 2006 Bonds, other than gross proceeds that are allocable to:

(a) the payment of principal of, interest on, and redemption premium for the Series 1996 D Bonds;

(b) the payment of pre-issuance accrued interest on the Series 2006 Bonds from October 1, 2006 to October 19, 2006;

(c) the payment of the Costs of Issuance of the Series 2006 Bonds;

(d) the payment of administrative costs allocable to repaying the Series 1996 D Bonds, or carrying and repaying the Series 2006 Bonds, or the reasonable investments of Proceeds of the Series 2006 Bonds;

(e) Transferred Proceeds allocable to expenditures for governmental purpose of the Series 1996 D Bonds;

(f) amounts deposited in the Sinking Funds (including investment earnings thereon) to pay debt service on the Series 2006 Bonds; and

(g) qualified guarantee fees (within the meaning of the Regulations) for the Series 2006 Bonds;

will not exceed 1% of the Sale Proceeds from the Series 2006 Bonds.

16. The issuance of the Series 2006 Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code and the Regulations thereunder.

17. The Issuer covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2006 Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes.

18. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Series 2006 Bonds from gross income for federal income tax purposes.

19. The Issuer has retained the right to amend the Resolution authorizing the issuance of the Series 2006 Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Series 2006 Bonds from the gross income of the holders thereof.

20. The Issuer shall comply with all yield restrictions on Series 2006 Bond proceeds as set forth in the Code.

21. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Series 2006 Bonds and

the interest thereon. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2006 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolution.

22. The Series 2006 Bonds are a fixed yield issue. No interest or other amount payable on any of the Series 2006 Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

23. Under section 1.148-2(b) of the Regulations, an officer of the Issuer must certify the issuer's expectations as of the issue date. In accordance therewith, the undersigned Chairman of the Issuer hereby in good faith certifies that the representations and covenants set forth in this Certificate constitute the reasonable expectations of the Issuer as of the Issue Date. Accordingly, the representations and covenants set forth herein are intended and may be relied upon as the certification described in section 1.148-2(b) of the Regulations and are being delivered as part of the record of proceedings in connection with the issuance of the Series 2006 Bonds.

24. Pursuant to Section 265(b)(3)(D)(ii) of the Code, the Series 2006 A Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2006 A Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3)(D)(ii) of the Code.

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. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Series 2006 Bonds.

27. Notwithstanding any other provision hereof, any provision of this Tax and Arbitrage Certificate shall be amended at any time and such amendment shall be complied with, upon receipt by the Issuer of an opinion of Bond Counsel that such amendment is necessary or permissible under the then current Code and Regulations and is either necessary to or will not adversely affect the excludability of interest on the Series 2006 Bonds from gross income of the recipients thereof for federal income tax purposes.

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

WITNESS my signature this 19th day of October, 2006.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

John C. Hubble

Chairman

10.13.06
067740.00017

EXHIBIT A

UNDERWRITER'S CERTIFICATE

[Included in Transcript as Document No. 24]

EXHIBIT B

IRS FORM 8038-G

[Included in Transcript as Document No. 42]

$3,905,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

REGISTRAR'S CERTIFICATE

United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the same meanings set forth in the Resolution of Berkeley County Public Service Sewer District (the "Issuer") adopted July 19, 2006, as supplemented (collectively, the "Resolution"):

1. The Bank is a state banking corporation duly organized, validly existing, and in good standing under the laws of the United States of America, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Resolution and to serve in the capacity of Registrar under the Resolution.

2. The Bank has duly authorized, by all necessary action, the authentication of the Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Resolution, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank, such person, in his or her official capacity, was and is authorized to authenticate the Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

Name	Title	Signature
Kathy Smith	Vice President	Kathy Smith

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Resolution; the Bonds have been duly authenticated and delivered to the Original Purchaser, and proceeds of the Bonds have been deposited as required by the Resolution.

6. Attached hereto as EXHIBIT A is a correct listing of the Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Bonds.

[Remainder of Page Intentionally Left Blank]

WITNESS my signature on this 19th day of October, 2006.

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By: _____
Its: Authorized Officer

10.13.06
067740.00017

EXHIBIT A

SERIES 2006 A BOND TERMS

SERIAL BONDS

Bond No.	CUSIP	Maturity Date	Principal Amount	Interest Rate	Yield
AR-1	084249 AY 7	10/01/2007	75,000.00	3.800%	100.000%
AR-2	084249 AZ 4	10/01/2008	145,000.00	3.800%	99.942%
AR-3	084249 BA 8	10/01/2009	155,000.00	3.850%	100.000%
AR-4	084249 BB 6	10/01/2010	160,000.00	3.900%	100.000%
AR-5	084249 BC 4	10/01/2011	170,000.00	3.950%	100.000%
AR-6	084249 BD 2	10/01/2012	170,000.00	4.000%	100.000%
AR-7	084249 BE 0	10/01/2013	180,000.00	4.050%	100.000%
AR-8	084249 BF 7	10/01/2014	190,000.00	4.100%	100.000%
AR-9	084249 BG 5	10/01/2015	195,000.00	4.150%	100.000%
AR-10	084249 BH 3	10/01/2016	205,000.00	4.200%	100.000%
AR-11	084249 BJ 9	10/01/2017	210,000.00	4.250%	100.000%
AR-12	084249 BK 6	10/01/2018	220,000.00	4.300%	100.000%
AR-13	084249 BL 4	10/01/2019	230,000.00	4.350%	100.000%
AR-14	084249 BM 2	10/01/2020	240,000.00	4.400%	100.000%
AR-15	084249 BN 0	10/01/2021	250,000.00	4.500%	100.000%

TERM BONDS

$235,000 4.80% Series 2006 A Term Bonds due October 1, 2025 at 100% 084249BP5

SERIES 2006 B BOND TERMS

SERIAL BONDS

Bond No.	CUSIP	Maturity Date	Principal Amount	Interest Rate	Yield
BR-1	084249 BQ3	10/01/2025	235,000.00	4.800%	100.000%

$3,905,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

UNDERWRITER'S CERTIFICATE

The undersigned Gregory B. Isaacs, Vice President of Crews & Associates, Inc. (the "Underwriter"), for and on behalf of the Underwriter, as purchaser of the above-captioned Bonds (the "Bonds"), hereby certifies that:

(a) At least 10% of each maturity of the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Bond Purchase Agreement dated October 6, 2006, by and between Berkeley County Public Service Sewer District (the "Issuer") and the Underwriter, at initial offering prices no higher than, or yields no lower than, those shown on the inside cover of the Official Statement dated October 6, 2006, relating to the Bonds, including interest accrued on the Bonds from October 1, 2006, to October 19, 2006. We have made a bona fide public offering of all Bonds at the public offering price. At the time we agreed to purchase the Bonds, based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices or yields less than the yields, shown on the cover of the Official Statement, including interest accrued on the Bonds from October 1, 2006, to October 19, 2006.

(b) The level of funding of the Reserve Account established by the Resolution authorizing issuance of the Bonds is reasonable and necessary because such an amount is required as a condition to marketing the Bonds at the interest rates and with the maturities established for the Bonds. Such amount was determined to be necessary to reduce the probability of a default on the Bonds due to a temporary decrease in Net Revenues or increase in operating expenses. The amount currently held in the Series 1996 D Bonds Reserve Account (the "Reserve Account") is held in an investment agreement with Lehman Brothers in the amount of $331,093.76. On April 1, 2007, a first maturity date, the investment agreement will mature and the monies in the Reserve Account will be transferred to the Series 2006 Bonds Reserve Account and the investment agreement will be reduced to $317,472.50. The amount to be maintained in the Series 2006 Bonds Reserve Account ($317,472.50) is less than 10% of the face amount of the Bonds and the maximum annual debt service on the Bonds.

(d) The weighted average maturity of the Bonds is 11.334 years.

(e) The remaining weighted average maturity of the Series 1996 D Bonds is 11.569 years.

(f) The net interest cost on the Bonds is 4.44216% and the yield on the Bonds is 4.41965%.

(g) This certificate may be relied upon by the Issuer with respect to completion of its Tax and Non-Arbitrage Certificate and IRS Form 8038-G relating to the Bonds, and by Steptoe & Johnson PLLC in rendering its tax opinion with respect to the Bonds.

[Remainder of Page Intentionally Left Blank]

Dated this 19th day of October, 2006.

CREWS & ASSOCIATES, INC.

By: _____
Its: Vice President

10.03.06
067740.00017

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)

October 19, 2006

Berkeley County Public Service Sewer District
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
And
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

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

West Virginia Department of
Environmental Protection
Charleston, 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 gross revenues 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 Refunding Revenue Bonds, Series 2006A (Bank Qualified) and Sewer Refunding Revenue Bonds, Series 2006B (Non-Bank Qualified) (collectively, the "Bonds"), and all other obligations secured by or payable from the net 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 July 19, 2006, 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.

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

RESERVED

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

Chase Tower, 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
(304) 353-8196 - Telephone
(304) 353-8181 - Fax
John.Stump@steptoe-johnson.com

October 18, 2006

Berkeley County Public Service Sewer District
Sewer Revenue Refunding Bonds, Series 2006

VIA FACSIMILE

Thomas A. Vlahakis, Vice President
The Bank of New York
385 Rifle Camp Road 3rd Floor
West Paterson, New Jersey 07424

Sara Boardman, Executive Director
West Virginia Municipal Bond Commission
8 Capitol Street, Suite 500
Charleston, West Virginia 25301

Dear Mr. Vlahakis and Ms. Boardman:

Pursuant to the Prepayment Agreement, upon closing of the above-referenced bonds (the "Series 2006 Bonds") today, issued to currently refund the Sewer Refunding Revenue Bonds, Series 1996 D (the "Series 1996 D Bonds"), the West Virginia Municipal Bond Commission (the "Commission") will receive a wire of proceeds of the Series 2006 Bonds in the amount of $3,762,372.12. This will be deposited into the Series 1996 D Bonds Sinking Fund and together with a portion of the existing balance held therein in the amount of $85,442.64 (for a total of $3,847,814.76) will be sufficient to pay the principal of, interest accrued on and redemption premium of the Series 1996 D Bonds on November 1, 2006. The Commission will hold the monies in the Series 1996 D Bonds Sinking Fund until October 23, 2006. On this date, the Commission will wire the monies to The Bank of New York to ensure the Bank is prepared for the payout on November 1, 2006.

Thank you for your attention to this letter. If you have any questions regarding any aspect of this financing, or if I can be of any other service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/km
Enclosure

cc: William Rohrbaugh, Esquire

067740.00017

CH853774.1

TERRALEX
The Worldwide Network of Independent Law Firms

$3,905,000

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

PREPAYMENT AGREEMENT FOR SERIES 1996 D BONDS

This PREPAYMENT AGREEMENT (the "Agreement"), made and entered into as of October 19, 2006, by and between BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (the "Issuer"), the WEST VIRGINIA MUNICIPAL BOND COMMISSION (the "Commission") and THE BANK OF NEW YORK (successor to One Valley Bank, National Association, corporate trust services) (the "Bank").

WITNESETH THAT:

WHEREAS, the Issuer presently owns and operates a public sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, extensions and improvements thereto by issuance of several series of bonds;

WHEREAS, the Issuer has determined that substantial debt service savings can be obtained through the current refunding of its Sewer Refunding Revenue Bonds, Series 1996 D, dated June 15, 1996, originally issued in the aggregate principal amount of $4,770,000, of which approximately $3,755,000 is presently outstanding (the "Series 1996 D Bonds");

WHEREAS, the Issuer has determined to issue its Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) (the "Series 2006 A Bonds") and its Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified) (collectively, the "Series 2006 Bonds"), pursuant to a bond resolution adopted on July 19, 2006, as supplemented (collectively, the "2006 Resolution"), and contemporaneously therewith, prepay and defease the Series 1996 D Bonds by depositing a portion of the proceeds of the Series 2006 Bonds with the Bank; and

WHEREAS, the proceeds of the Series 2006 Bonds which will be delivered to the Commission simultaneously with the delivery of the Series 2006 Bonds, along with funds currently on deposit in the Series 1996 D Bonds Sinking Fund held by the Commission, are in such amounts as to insure the payment on November 1, 2006 (the "Redemption Date"), of the entire principal amount of the Series 1996 D Bonds then outstanding, the redemption premium and all interest accrued thereon (collectively, the "Redemption Price");

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 1996 D Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. The deposit of the proceeds of the Series 2006 Bonds with the Commission shall constitute an irrevocable deposit of such moneys in trust for, and such moneys shall be deposited in the Series 1996 D Bonds Sinking Fund and applied to the payment of the Redemption Price of the Series 1996 D Bonds on November 1, 2006 (the "Redemption Date").

2. Concurrently with the delivery of the Series 2006 Bonds, the Issuer shall wire proceeds of the Series 2006 A Bonds in the amount of $3,762,372.12 to the Commission. This deposit, along with the existing balance in the Series 1996 D Bonds Sinking Fund held by the Commission in the amount of $85,442.64 (for a total of $3,847,814.76) will be sufficient to pay the Redemption Price of the Series 1996 D Bonds on the Redemption Date.

3. Monies remaining in the Series 1996 D Bonds Sinking Fund shall be transferred to the Series 2006 A Bonds Sinking Fund. Monies in the Series 1996 D Bonds Reserve Account shall be transferred to the Series 2006 Bonds Reserve Account.

4. The Commission, on October 23, 2006, will wire the $3,847,814.76 to the Bank, as Paying Agent for the Series 1996 D Bonds, to be held in the Escrow Account and the Bank shall apply the moneys to the payment in full on the Redemption Date.

5. The District has requested the Bank, as Registrar of the Series 1996 D Bonds, to provide a notice of redemption by registered or certified mail to the registered owners of the Series 1996 D Bonds and any bond insurer of the Series 1996 D Bonds not more than 60 days nor less than 30 days prior to the Redemption Date, in accordance with the requirements of the 1996 Resolution.

6. The holders of the Series 1996 D Bonds shall have an express lien on all moneys and assets in the Series 1996 D Bonds Sinking Fund held by the Commission and the moneys held by the Bank in the Escrow Account until paid out, used and applied in accordance with this Agreement.

7. This Agreement shall terminate on the date on which all the Outstanding Series 1996 D Bonds have been redeemed, paid in full and discharged. Upon termination of this Agreement, any moneys remaining at the Bank, if any, after payment of administrative fees shall be transferred to the Issuer.

8. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

9. This Agreement is made in the State of West Virginia under the Constitution and laws of such State and is to be so construed.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: _____
Its: Chairman

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Executive Director

BANK OF NEW YORK

By: _____
Its: Authorized Officer

10/13/06
067740.00017

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: _____
Its: Chairman

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Executive Director

THE BANK OF NEW YORK

By: _____
Its: Authorized Officer

THOMAS VLAHAKIS
VICE PRESIDENT

10/13/06
067740.00017

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

Chase Tower, 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
(304) 353-8196 - Telephone
(304) 353-8181 - Fax
John.Stump@steptoe-johnson.com

November 13, 2006

Berkeley County Public Service Sewer District
Sewer Revenue Refunding Bonds, Series 2006 A and Series 2006 B

VIA FACSIMILE
Sara Boardman, Executive Director
West Virginia Municipal Bond Commission
8 Capitol Street, Suite 500
Charleston, West Virginia 25301

Dear Ms. Boardman:

The Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 1996 D, dated June 15, 1996, were refunded on October 19, 2006 (the "Closing Date") by the above-referenced bonds (collectively, the "Series 2006 Bonds"). The monies held in the Series 1996 D Bonds Reserve Account, which are invested pursuant to a Debt Service Reserve Fund Agreement dated April 10, 1997, with Lehman Brothers Special Financing, Inc. (the "GIC"), were transferred to the Series 2006 Bonds Reserve Account (the "Reserve Account") on the Closing Date. The Reserve Account will need to be adjusted to cure the overage on the next maturity date of the GIC, being April 1, 2007. The District has agreed to pay a settlement fee to Lehman Brothers in the amount of $7,650 for the decrease in the investment.

On April 1, 2007, please wire the settlement fee of $7,650 to Lehman Brothers. (These funds are available from the debt service reserve fund overage amount of $13,621.26.) The remaining amount of the debt service reserve fund overage should be transferred into the Series 2006 Bonds Sinking Fund and utilized for the next payment of principal and/or interest on the Series 2006 Bonds.

Thank you for your attention to this letter. If you have any questions regarding any aspect of this financing, or if I can be of any other service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/km

cc: Curtis Keller, MBA, General Manager
William Rohrbaugh, Esquire
Gregory B. Isaacs, Vice President
Mr. Greg Shlionsky

067740.00017

CH857019.1

TERRALEX
The Worldwide Network of Independent Law Firms

$3,905,000

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

JOINT CERTIFICATE OF ISSUER AND ESCROW AGENT

The undersigned DANIEL WITHROW, Chairman of the Berkeley County Public Service Sew District, a public service district, public corporation and political subdivision of the State of West Virginia (the "Issuer"), and the undersigned SARA BOARDMAN, Executive Director of the West Virginia Municipal Bond Commission (the "Agent"), hereby jointly certify as follows in connection with the above-captioned Bond issue:

1. We have executed the Prepayment Agreement between the Issuer and the Agent, dated October 19, 2006 (the "Prepayment Agreement"), on behalf of the Issuer and the Agent, respectively.

2. The Agent has the authority and has the requisite powers to carry out its duties for and in connection with the Series 1996 D Bonds under the Prepayment Agreement, and the Prepayment Agreement has been duly and validly authorized, executed and delivered by the Agent, and assuming due authorization, execution and delivery thereof by the Issuer, the Prepayment Agreement constitutes a valid and legally binding obligation of the Agent, enforceable in accordance with its terms.

3. The funds on deposit in the Series 1996 D Bonds Sinking Fund, including the Series 2006 A Bond proceeds deposited therein, are in an aggregate amount sufficient to fully pay the Series 1996 D Bonds described in the Prepayment Agreement, including payment of the principal of, the redemption premium and interest on, the Series 1996 D Bonds on November 1, 2006, and the liens of the Series 1996 D Bonds and the resolutions pursuant to which the Series 1996 D Bonds were issued have been discharged.

WITNESS our signatures this 19th day of October, 2006.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: _____
Its: Chairman, Public Service Board

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Executive Director

10/16/06
067740.00017

CH853048.1

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS, SERIES 1996 D

BOND RESOLUTION

Table of Contents

RECITALS 1

ARTICLE I
DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01	Definitions	5
Section 1.02	Authority for this Resolution	16
Section 1.03	Findings	16
Section 1.04	Resolution Constitutes Contract	18

ARTICLE II
AUTHORIZATION OF REFUNDING

Section 2.01	Authorization of Refunding	19

ARTICLE III
THE BONDS

Section 3.01	Form and Payment of Bonds	20
Section 3.02	Execution of Bonds	20
Section 3.03	Authentication and Registration	21
Section 3.04	Negotiability and Registration	21
Section 3.05	Bonds Mutilated, Destroyed, Stolen or Lost	22
Section 3.06	Term Bonds	22
Section 3.07	Notice of Redemption	24
Section 3.08	Persons Treated as Owners	25
Section 3.09	Temporary Bonds	25

Section 3.10	Authorization of Bonds	25
Section 3.11	Book Entry System for Bonds	26
Section 3.12	Delivery of Bonds	27
Section 3.13	Form of Bonds	28
Section 3.14	Disposition of Proceeds of Bonds	28
Section 3.15	Designation of Bonds as "Qualified Tax-Exempt Obligations"	29

ARTICLE IV
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01	Establishment of Funds and Accounts with Depository Bank	30
Section 4.02	Establishment of Funds and Accounts with Bond Commission	30
Section 4.03	System Revenues and Application Thereof	32

ARTICLE V
INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01	Investments	37
Section 5.02	Arbitrage	38
Section 5.03	Tax Certificate and Rebate	38

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01	Covenants Binding and Irrevocable	40
Section 6.02	Bonds not to be Indebtedness of the Issuer	40
Section 6.03	Bonds Secured by Parity Pledge of Net Revenues and Moneys in Sinking Fund	40
Section 6.04	Rates	40
Section 6.05	Operation and Maintenance	41
Section 6.06	Sale of the System	41
Section 6.07	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	42
Section 6.08	Additional Parity Bonds	43
Section 6.09	Insurance and Bonds	45
Section 6.10	No Free Services	46
Section 6.11	Enforcement of Collections	46
Section 6.12	No Competing Franchise	46
Section 6.13	Books and Records	47

Section 6.14	Operating Budget	47
Section 6.15	Mandatory Connections	48
Section 6.16	Statutory Mortgage Lien	48
Section 6.17	Tax Covenants	49
Section 6.18	Municipal Bond Insurance Policy	50

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01	Events of Default	51
Section 7.02	Enforcement	51
Section 7.03	Appointment of Receiver	52
Section 7.04	Restoration of Issuer and Bondholder	53

ARTICLE VIII
REGISTRAR AND PAYING AGENT

Section 8.01	Appointment of Registrar	54
Section 8.02	Responsibilities of Registrar	54
Section 8.03	Evidence on Which Registrar May Act	54
Section 8.04	Compensation and Expenses	54
Section 8.05	Certain Permitted Acts	54
Section 8.06	Resignation of Registrar	55
Section 8.07	Removal	55
Section 8.08	Appointment of Successor	55
Section 8.09	Transfer of Rights and Property to Successor	56
Section 8.10	Merger or Consolidation	56
Section 8.11	Adoption of Authentication	56
Section 8.12	Paying Agent	56

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01	Defeasance; Discharge of Pledge of Resolution	58

ARTICLE X
MISCELLANEOUS

Section 10.01	Amendment of Resolution	60
Section 10.02	Evidence of Signatures of Bondholders and Ownership of Bonds	60
Section 10.03	Preservation and Inspection of Documents	61
Section 10.04	Cancellation of Bonds	61

Section 10.05	Failure to Present Bonds	61
Section 10.06	Notices, Demands and Requests	62
Section 10.07	No Personal Liability	63
Section 10.08	Law Applicable	63
Section 10.09	Parties Interested Herein	63
Section 10.10	Severability of Invalid Provisions	63
Section 10.11	Table of Contents and Headings	63
Section 10.12	Conflicting Provisions Repealed	63
Section 10.13	Covenant of Due Procedure, Etc.	63
Section 10.14	Effective Date	64
	SIGNATURES	64
	CERTIFICATION	65
	EXHIBIT A - BOND FORM	66

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1986 A, OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 1996 D, OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $5,200,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE DISTRICT, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, Berkeley County Public Service Sewer District (the "Issuer") presently owns and operates a public sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, extensions and improvements thereto by issuance of several series of bonds, which bonds are designated and have the lien positions as follows:

Designation	Lien Position
Sewer Revenue Bonds, Series 1986 A, dated March 7, 1986, issued in the original aggregate principal amount of $3,290,658 (the "Series 1986 A Bonds");	First Lien
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");	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 1986 B, dated March 7, 1986, issued in the original aggregate principal amount of $1,638,194 (the "Series 1986 B Bonds");	Second Lien (To become First Lien upon issuance and delivery of the Series 1996 D Bonds and defeasance of the Series 1986 A Bonds)
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"); and	Third Lien
Sewerage System Bond Anticipation and Construction Notes, Series 1994, dated October 4, 1994, issued in the original aggregate principal amount of $5,000,000 (the "Notes").	Fourth Lien

WHEREAS, the Series 1986 A Bonds were issued pursuant to a resolution adopted by the Issuer on March 6, 1986, as supplemented by a resolution adopted by the Issuer on March 6, 1986 (such resolution, as so supplemented, herein collectively called the "1986 Resolution");

WHEREAS, under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to issue refunding revenue bonds for the purpose of retiring or refinancing all or any part of the outstanding Series 1986 A Bonds;

WHEREAS, the Issuer is advised that present value debt service savings will be realized as a result of the refunding of the Series 1986 A Bonds;

WHEREAS, the Issuer has determined and hereby determines that it would therefore be to the benefit of the Issuer and its residents to refund the Series 1986 A Bonds and to redeem the Series 1986 A Bonds on the Redemption Date (hereinafter defined), in

the manner set forth herein with proceeds of a series of bonds to be designated "Berkeley County Public Service Sewer District (West Virginia) Sewer Refunding Revenue Bonds, Series 1996 D" (the "Series 1996 D Bonds"), in the maximum aggregate principal amount of not more than $5,200,000, and other moneys of the Issuer;

WHEREAS, the Issuer now desires to authorize the refunding of the Series 1986 A Bonds as aforesaid, and to provide for the financing thereof by the issuance of the Series 1996 D Bonds as hereinafter provided;

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Resolution and not otherwise defined in the recitals or in the text hereof shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 1996 D Bonds.

"Authority" means the West Virginia Water Development Authority, the original purchaser of the Series 1986 A Bonds, or its successor.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer and Redemption Digest.

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

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal Bonds, appointed by the Issuer, and shall initially mean Steptoe & Johnson, Clarksburg, West Virginia.

"Bondholder," "Holder of the Bonds," "Owner of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on any of the Series 1996 D Bonds, and in the event the Series 1996 D Bonds are insured, shall initially mean the Bond Insurer set forth in the Supplemental Resolution.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

"Bonds" means, collectively, the Series 1996 D Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 1996 D Bonds, in substantially the form set forth in EXHIBIT A hereto.

"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 1996 D Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Series 1986 A Bonds (which amount shall reflect the Authority's determination of the Redemption Price of the Series 1986 A Bonds), interest accruing or to accrue thereon, redemption premiums, premiums for municipal bond insurance and reserve account insurance, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 1996 D Bonds and the refunding of the Series 1986 A Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive

deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means the Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 1996 D Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

"Escrow Agent" means the escrow agent under the Escrow Agreement, which shall be appointed pursuant to a resolution supplemental hereto.

"Escrow Agreement" means the agreement to be entered into between the Issuer and the Escrow Agent, providing for the defeasance and ultimate payment of the Series 1986 A Bonds, the deposit therein of proceeds of the Series 1996 D Bonds, the disposition of moneys in the various funds and accounts of the Series 1986 A Bonds under the 1986 Resolution and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established pursuant to the Escrow Agreement.

"Event of Default" means any occurrence or event specified in Section 7.01.

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

"First Lien Bonds" means, collectively, the Series 1986 B Bonds, the Series 1986 C 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 and the Series 1996 C Bonds as described in the recitals hereof.

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

"Fourth Lien Bonds" means the Notes as described in the recitals hereof.

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

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

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

"Independent 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 purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

"Municipal Bond Insurance Policy" means any municipal bond insurance policy issued by a Bond Insurer simultaneously with the delivery of the Series 1996 D Bonds, insuring the payment of the principal of and interest on all or any of the Series 1996 D Bonds in accordance with the terms thereof or any other bond insurance policy which may be issued on behalf of the Issuer to insure payment of the principal of and interest on all or any subsequent series of Bonds.

"Net Proceeds" means the face amount of the Series 1996 D Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 1996 D 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 1996 D 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 which is acquired with the gross proceeds of the Series 1996 D Bonds and is not acquired in order to carry out the governmental purpose of the Series 1996 D Bonds.

"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.

"Original Purchaser" means Ferris, Baker Watts, Incorporated, Baltimore, Maryland, as the purchasers of the Series 1996 D Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 1996 D Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 1996 D Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 1996 D Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 1996 D Bonds.

"Outstanding," when used with reference to the Series 1996 D Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as a Bond Insurer has been reimbursed in full.

"Paying Agent" means the Registrar or other entity designated as such for the Series 1996 D Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the First Lien Bonds, the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds, as defined herein.

"Prior Resolutions" means, individually or collectively, the resolution of the Issuer adopted March 6, 1986, authorizing the Series 1986 A Bonds and the Series 1986 B Bonds; the resolution of the Issuer adopted March 6, 1986, authorizing the Series 1986 C

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 October 3, 1994, authorizing the Notes; 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; and the resolution of the Issuer adopted April 29, 1996, authorizing the Series 1996 B Bonds and the Series 1996 C Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Purchase Price," for the purpose of computation of the Yield of the Series 1996 D Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 1996 D Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 1996 D Bonds of each maturity is sold or, if the Series 1996 D Bonds are privately placed, the price paid by the first buyer of the Series 1996 D Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 1996 D Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1996 D Bonds.

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

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
   Direct obligations or fully guaranteed certificates of beneficial ownership

2. Farmers Home Administration (FmHA)
   Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures (FHA)

5. General Services Administration
   Participation certificates

6. Government National Mortgage Association (GNMA or "Ginnie Mae")
   GNMA - guaranteed mortgage-backed bonds
   GNMA - guaranteed pass-through obligations
   (not acceptable for certain cash-flow sensitive issues.)

7. U.S. Maritime Administration
   Guaranteed Title XI financing

8. U.S. Department of Housing and Urban Development (HUD)
   Project Notes
   Local Authority Bonds
   New Communities Debentures - U.S. government guaranteed debentures
   U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
   Senior debt obligations

2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates
Senior debt obligations

3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations

5. Resolution Funding Corp. (REFCORP) obligations

6. Farm Credit System
Consolidated systemwide bonds and notes

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, saving and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

G. Investment Agreements, including GIC's, acceptable to MBIA (Investment Agreement criteria is available upon request).

H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed

obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

K. Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria or be approved by MBIA.

1. Repos must be between the municipal entity and a dealer bank or securities firm

   a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or

   b. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.

2. The written repo contract must include the following:

   a. Securities which are acceptable for transfer are:

      (1) Direct U.S. governments, or

      (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)

   b. The term of the repo may be up to 30 days

   c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

   d. Valuation of Collateral

(1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest

(a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

a. Repo meets guidelines under state law for legal investment of public funds.

L. Any state administered pool investment fund in which the Issuer is statutorily permitted or required to invest will be deemed a permitted investment.

"Record Date" means the day of the month which shall be so stated in the Series 1996 D Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of the Series 1986 A Bonds, the Series 1996 D Bonds, the Prior Bonds or any other Bonds of the Issuer called for redemption.

"Redemption Price" means the price at which the Series 1986 A Bonds, the Series 1996 D Bonds, the Prior Bonds or any other Bonds of the Issuer may be called for redemption and includes the principal of and interest on such Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 1996 D Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Second Lien Bonds" means the Series 1990 B Bonds as described in the recitals hereof.

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

"Series 1996 D Bonds" means the Sewer Refunding Revenue Bonds, Series 1996 D, of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 1996 D Bonds Redemption Account" means the Series 1996 D Bonds Redemption Account established in the Series 1996 D Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 1996 D Bonds Reserve Account" means the Series 1996 D Bonds Reserve Account established in the Series 1996 D Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 1996 D Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1996 D Bonds in any year.

"Series 1996 D Bonds Sinking Fund" means the Series 1996 D Bonds Sinking Fund established pursuant to Section 4.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following adoption of this Resolution, setting forth the final amounts, maturities, interest rates and other terms of the Series 1996 D Bonds and authorizing the sale of the Series 1996 D Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"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 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.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

"Third Lien Bonds" means the Series 1994 B Bonds as described in the recitals hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa; and any requirement for execution or attestation of the Bond or any certificate or other document by the Chairman or the Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. The Governing Body hereby finds and determines as follows:

A. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia, in Berkeley County of said State.

B. The Issuer now owns and operates the System, the acquisition and construction of which has been financed in part by the proceeds of the Prior Bonds and the Series 1986 A Bonds.

C. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds and the Series 1986 A Bonds. Except for such pledge thereof to secure and pay the Prior Bonds and Series 1986 A Bonds, said revenues are not pledged or encumbered in any manner.

D. The Issuer intends to refund the Series 1986 A Bonds in their entirety with proceeds of the Series 1996 D Bonds and other funds of the Issuer, to issue the

Series 1996 D Bonds and to pledge the Net Revenues of the System for payment thereof on a parity with the First Lien Bonds.

E. The Series 1996 D Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds set forth in 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 or will obtain prior to issuance of the Series 1996 D Bonds the written consent of the Holders of the First Lien Bonds to the issuance of the Series 1996 D Bonds on a parity with the First Lien Bonds. The Issuer has obtained or will obtain prior to issuance of the Series 1996 D Bonds the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 1996 D Bonds on a senior and prior basis to the Second Lien Bonds. The Issuer has provided or will provide prior to issuance of the Series 1996 D Bonds written notice to the Holders of the Third Lien Bonds regarding the issuance of the Series 1996 D Bonds on a senior and prior basis to the Third Lien Bonds, there being no consent requirement for such issuance. The Issuer has obtained or will obtain prior to issuance of the Series 1996 D Bonds the written consent of the Holders of First Lien Bonds to the change of the lien position of the Series 1986 B Bonds from a Second Lien Bond to a First Lien Bond upon the issuance of the Series 1996 D Bonds and the defeasance of the Series 1986 A Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

F. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, upon refunding and defeasance of the Series 1986 A Bonds, to provide for the repair, maintenance and operation of the System, the payment of principal of and interest on the Prior Bonds and the Series 1996 D Bonds and to make all other payments provided for in this Resolution.

G. Based upon the assumed principal amount, maturity schedule and interest rates for the Series 1996 D Bonds presented to the Issuer by the Original Purchaser, and after making allowance for the use of cash on hand of the Issuer, the Series 1996 D Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding and the costs of issuing the Series 1996 D Bonds.

H. The Issuer shall not sell the Series 1996 D Bonds without setting forth in the Supplemental Resolution the determination set forth in paragraph F above, based upon the actual principal amount, maturity schedule and interest rates for the Series 1996 D Bonds, and the Issuer shall not issue the Series 1996 D Bonds without having obtained from an independent certified public accountant or firm of independent certified public accountants, a certification that the amount of savings stated to be achieved by the refunding shall in fact be saved, based upon their review, comparison and analysis of the net interest

cost in dollars of the Series 1996 D Bonds and the net interest cost in dollars of the Series 1986 A Bonds.

I. Subject to the determination and certification required by paragraph G above, it is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 1996 D Bonds and secure the Series 1996 D Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the moneys in the Series 1996 D Bonds Sinking Fund and the Series 1996 D Bonds Reserve Account, unexpended proceeds of the Series 1996 D Bonds and as further set forth herein.

J. The Issuer has complied with all requirements of West Virginia law relating to authorization of the ownership and operation of the System and issuance of the Series 1996 D Bonds or will have so complied prior to issuance of any thereof.

K. The Series 1996 D Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

L. All things necessary to make the Series 1996 D Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 1996 D Bonds, will be timely done and duly performed.

M. The adoption of this Resolution, and the execution and issuance of the Series 1996 D Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 1996 D Bonds by those who shall own or hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of such Bondholders of any and all of such Series 1996 D Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 1986 A Bonds Outstanding as of the date of issuance of the Series 1996 D Bonds in the aggregate principal amount of $3,181,492, are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement, and the pledge of Net Revenues in favor of the Holders of such refunded Series 1986 A Bonds imposed by the 1986 Resolution, the moneys in the funds and accounts created by the 1986 Resolution pledged to payment of the Series 1986 A Bonds, and any other funds pledged by the 1986 Resolution to payment of the Series 1986 A Bonds are hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Series 1996 D Bonds and from other moneys available therefor, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Series 1986 A Bonds; and (b) an amount which will be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, together with certain cash which may also be deposited, to provide for the payment of the principal of and interest on the Series 1986 A Bonds as the same become due, plus the premium, if any, to the first permitted Redemption Date thereof, being October 1, 2001, and on such Redemption Date to pay the Redemption Price of the Series 1986 A Bonds, all as set forth in the Escrow Agreement. Contemporaneously with the deposit of the proceeds of the Series 1996 D Bonds and other moneys into the Escrow Fund, the amounts on deposit in the sinking fund, including the reserve account therein, created and maintained on behalf of the Series 1986 A Bonds shall be released from the lien created by the 1986 Resolution and deposited in the Escrow Fund, the Series 1996 D Bonds Reserve Account or such other fund or account as shall be set forth in the Escrow Agreement or in the Supplemental Resolution and invested as provided therein.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Bonds issued pursuant to this Resolution after the issuance of the Series 1996 D Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Bonds surrendered.

The principal of and the premium, if any, on the Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $500,000 or more of the Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Bond in the principal amount of said Bond then Outstanding.

Section 3.02. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the 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 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 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A attached hereto and incorporated herein by reference with respect to the Series 1996 D Bonds, shall have been duly manually executed by the Registrar. Any such manually 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 Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the 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 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said 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, 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 any of the Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the

Registrar. Transfers of Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and 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 the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued pursuant to this Resolution, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 1996 D Bonds Redemption Account in accordance with Subsection 4.03A(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the

amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

B. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

C. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the moneys in the Series 1996 D Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 1996 D Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 1996 D Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding

the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 1996 D Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Bond Insurer, the Original Purchaser and the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 1996 D Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 1996 D Bonds shall also be sent to registered securities depositories and to *Standard & Poor's Called Bond Record.*

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-eligible Bonds.

If funds sufficient to redeem all Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such moneys with the Paying Agent on or before the Redemption Date. If such

moneys are not so deposited, the Registrar shall notify all holders of Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Bond. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Resolution. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. For the purposes of paying a portion of the costs of refunding all of the Series 1986 A Bonds of the Issuer, funding the Series 1996 D Bonds Reserve Account and paying costs in connection therewith, there shall

be issued the Series 1996 D Bonds of the Issuer, in an aggregate principal amount of not more than $5,200,000. Said Series 1996 D Bonds shall be designated "Sewer Refunding Revenue Bonds, Series 1996 D" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 1996 D Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 1996 D Bonds shall be numbered from R-1 consecutively upward. The Series 1996 D Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Series 1996 D Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 1996 D Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 1996 D Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 1996 D Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 1996 D Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 1996 D Bond or any other evidence of ownership of the Series 1996 D Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 1996 D Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 1996 D Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Resolution, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 1996 D Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 1996 D Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Resolution. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 1996 D Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 1996 D Bonds Outstanding of any maturity, the Registrar shall not require surrender

by DTC of the Series 1996 D Bonds so redeemed, but DTC may return such Series 1996 D Bonds and make an appropriate notation on the Series 1996 D Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 1996 D Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 1996 D Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 1996 D Bonds, selecting the Series 1996 D Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 1996 D Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 1996 D Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 1996 D Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 1996 D Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 1996 D Bonds or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 1996 D Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 1996 D Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 1996 D Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 1996 D Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 1996 D Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 1996 D Bonds to the Registrar, and the Registrar shall authenticate, register and

deliver the Series 1996 D Bonds to the Original Purchaser upon receipt of the documents set forth below:

(A) A list of the names in which the Series 1996 D Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(B) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1996 D Bonds to the Original Purchaser;

(C) Copies of this Resolution and the Supplemental Resolution certified by the Secretary;

(D) The unqualified approving opinion upon the Series 1996 D Bonds by Bond Counsel; and

(E) A copy of the Escrow Agreement and such other documents, certifications and verifications as the Original Purchaser may reasonably require.

Section 3.13. Form of Bonds. The definitive Series 1996 D Bonds shall be in substantially the form set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 1996 D Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 1996 D Bonds shall have the form of the opinion of Steptoe & Johnson, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 1996 D Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on the Series 1996 D Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 1996 D Bonds Sinking Fund and applied to payment of interest on the Series 1996 D Bonds at the first interest payment date.

B. The amount of the Series 1996 D Bond proceeds which, together with other moneys or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Series 1986 A Bonds (which amount shall be set forth in the Escrow Agreement) shall be deposited in the Escrow Fund.

C. The amount of Series 1996 D Bond proceeds equal to the Series 1996 D Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 1996 D Bonds Reserve Account; provided that, to the extent the Series 1996 D Bonds Reserve Requirement is satisfied in whole or in part from proceeds of any fund or account established for the Series 1986 A Bonds pursuant to the 1986 Resolution, Series 1996 D Bond proceeds shall be deposited in the Series 1996 D Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 1996 D Bonds Reserve Requirement.

D. The balance of the proceeds of the Series 1996 D Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 1996 D Bonds and miscellaneous costs of refunding the Series 1986 A Bonds at the written direction of the Issuer. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer to the Series 1996 D Bonds Redemption Account established in Section 4.02 hereof. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 1996 D Bonds from which such proceeds are derived. All costs of issuance shall be paid within 90 days following the Closing Date and all moneys then remaining in the Costs of Issuance Fund shall be disbursed to the Issuer whereupon they may be used for any legal purpose of the System.

Section 3.15. Designation of Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 1996 D Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 1996 D Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 1996 A Bonds, the Series 1996 B Bonds, the Series 1996 C Bonds and the Series 1996 D Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 1996.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds or accounts are hereby created (or continued if previously established by the Prior Resolutions) with, and shall be held by, the Depository Bank, segregated and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

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

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

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

(4) Costs of Issuance Fund; and

(5) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds or accounts are hereby created (or continued if previously established by the Prior Resolutions) with, and shall be held by, the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission and the Issuer and from each other:

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

(2) Within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account (established by the Prior Resolutions);

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

(4) Within the Series 1990 A Bonds Sinking Fund, the Series 1990 A Bonds Reserve Account (established by the Prior Resolutions);

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

(6) Within the Series 1990 B Bonds Sinking Fund, the Series 1990 B Bonds Reserve Account (established by the Prior Resolutions);

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

(8) Within the Series 1994 A Bonds Sinking Fund, the Series 1994 A Bonds Reserve Account (established by the Prior Resolutions);

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

(10) Within the Series 1994 C Bonds Sinking Fund, the Series 1994 C Bonds Reserve Account (established by the Prior Resolutions);

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

(12) Within the Series 1995 A Bonds Sinking Fund, the Series 1995 A Bonds Reserve Account (established by the Prior Resolutions);

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

(14) Within the Series 1995 B Bonds Sinking Fund, the Series 1995 B Bonds Reserve Account (established by the Prior Resolutions);

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

(16) Within the Series 1996 A Bonds Sinking Fund, the Series 1996 A Bonds Reserve Account (established by the Prior Resolutions);

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

(18) Within the Series 1996 B Bonds Sinking Fund, the Series 1996 B Bonds Reserve Account (established by the Prior Resolutions);

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

(20) Within the Series 1996 C Bonds Sinking Fund, the Series 1996 C Bonds Reserve Account (established by the Prior Resolutions); and

(21) Series 1996 D Bonds Sinking Fund;

(22) Within the Series 1996 D Bonds Sinking Fund;

(a) Series 1996 D Bonds Reserve Account; and

(b) Series 1996 D Bonds Redemption Account.

The Series 1986 C Bonds Sinking Fund has heretofore been established by the Prior Resolutions with the paying agent for the Series 1986 C Bonds. The Series 1994 B Bonds Repayment Account has heretofore been established by the Prior Resolutions with the paying agent for the Series 1994 B Bonds.

Section 4.03. System Revenues and Application Thereof. So long as any of the Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(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 paying agent therefor (i) the amounts required by the Prior Resolutions to be deposited in the respective Sinking Funds of the First Lien Bonds for payment of interest, if any, on and principal of the First Lien Bonds, (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 1996 D Bonds, remit to the Bond Commission for deposit in the Series 1996 D Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1996 D Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 1996 D Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 1996 D Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 1996 D Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 1996 D Bonds Sinking Fund shall be reduced by the amount of any

earnings credited to the Series 1996 D Bonds Sinking Fund, and (iii) beginning on the first day of that month which is 12 months prior to the first principal payment date or mandatory redemption date of the Series 1996 D Bonds, remit to the Bond Commission for deposit in the Series 1996 D Bonds Sinking Fund, and in the Series 1996 D Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 1996 D Bonds on the next ensuing principal payment date or mandatory redemption date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 1996 D Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory redemption date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory redemption date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 1996 D Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 1996 D Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1996 D Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 1996 D Bonds Sinking Fund when the aggregate amount of funds in the Series 1996 D Bonds Sinking Fund, including the Series 1996 D Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 1996 D Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 1996 D Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1996 D Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of such additional parity Bonds.

The payments into the Series 1996 D Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be

remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Bond Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts of the First Lien Bonds, and (ii) remit to the Bond Commission for deposit into the Series 1996 D Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 1996 D Bonds Reserve Account below the Series 1996 D Bonds Reserve Requirement or any withdrawal from the Series 1996 D Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 1996 D Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 1996 D Bonds Reserve Account is less than the Series 1996 D Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 1996 D Bonds Reserve Account for deposit into the Series 1996 D Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 1996 D Bonds Reserve Account to an amount equal to the Series 1996 D Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 1996 D Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 1996 D Bonds Reserve Requirement.

Amounts in the Series 1996 D Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 1996 D Bonds when due, when amounts in the Series 1996 D Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Issuer shall restore any withdrawals from the Series 1996 D Bonds Reserve Account which have the effect of reducing the assets therein below the Series 1996 D Bonds Reserve Requirement from the first Net Revenues available after all required payments have been made in full in the order set forth above.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund (as previously set forth in the Prior Resolutions and not in addition thereto), on the first day of each month, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, 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 Qualified Investments. 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) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission the amounts 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.

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

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

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

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 1996 D Bonds Sinking Fund and the Series 1996 D Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Bond Commission from the Revenue Fund by the Issuer at the times provided herein.

B. 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.

C. The Issuer shall remit from the Revenue Fund to the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Bond 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 any charges and fees then due.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund 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.

E. If on any monthly payment date the Net 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 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by this Resolution in Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Series 1996 D Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to semiannually transfer from the Series 1996 D Bonds Reserve Account to the Series 1996 D Bonds Sinking Fund, any earnings on the moneys deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 1996 D Bonds Reserve Account an amount at least equal to the requirement therefor.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 1996 D Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 1996 D Bonds Reserve

Account shall, at any time, be less than the applicable requirement therefor, the Bond Insurer, if any, shall be notified immediately of such deficiency, such deficiency shall be made up from the first available Net Revenues in the order set forth in Section 4.03 hereof.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 1996 D Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in the Series 1996 D Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 1996 D Bonds in such manner and to such extent as may be necessary, so that the Series 1996 D Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1996 D Bonds) so that the interest on the Series 1996 D Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1996 D Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1996 D Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

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

account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect, with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1996 D Bonds from gross income for federal income tax purposes.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1996 D Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 1996 D Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1996 D Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 1996 D Bonds shall not be or 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 Net Revenues of the System, the moneys in the Series 1996 D Bonds Sinking Fund and the Series 1996 D Bonds Reserve Account therein, and the unexpended proceeds of the Series 1996 D Bonds, all as herein provided. No Holder or Holders of the Series 1996 D Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1996 D Bonds or the interest thereon.

Section 6.03. Bonds Secured by Parity Pledge of Net Revenues and Moneys in Sinking Fund. The payment of the debt service of all of the Series 1996 D Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds, senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds, and all moneys and securities in the Series 1996 D Bonds Sinking Fund, including the Series 1996 D Bonds Reserve Account therein. The Net Revenues derived from the System, in an amount sufficient to pay the interest on and principal of the Series 1996 D Bonds herein authorized, and to make the payments into the Series 1996 D Bonds Sinking Fund, all moneys and securities in the Series 1996 D Bonds Sinking Fund, including the Series 1996 D Bonds Reserve Account therein, and all other payments provided for in this Resolution, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the interest on and principal of the Series 1996 D Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. 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 said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 1996 D Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 1996 D Bonds, including the Prior Bonds.

Section 6.05. Operation and Maintenance. The Issuer will operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions and with the written consent of the Authority. Additionally, so long as the Series 1996 D Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1996 D Bonds, immediately be remitted to the Bond Commission for deposit in the Series 1996 D Bonds Sinking Fund, and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1996 D Bonds. Any balance remaining after the payment of the Series 1996 D Bonds and interest thereon shall be remitted to the Issuer by the Bond 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 Bond 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 or otherwise. 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 Resolution. 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 over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. 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 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. 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 1996 D Bonds. All obligations issued by the Issuer after the issuance of the Series 1996 D 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 1996 D 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 1996 D 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 1996 D Bonds and the interest thereon, if any, in this Resolution, or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1996 D Bonds pursuant to this Resolution, except 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 1996 D Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding the Series 1996 D Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, 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, 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 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 additional parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Issuer prior to the issuance of such additional parity Bonds, provided however, that 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 Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said 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.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

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 1996 D 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 1996 D Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Resolution with respect to the Bonds then Outstanding, and any other payments provided for in this Resolution, 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 Resolution.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. 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 and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

B. 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.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. 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.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. 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.

Section 6.10. 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 thereof shall avail himself 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 6.11. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, 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 and facilities of the System and any services and facilities of the waterworks system, if so owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid. If the waterworks system is 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 6.12. 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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. 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 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, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Issuer. The Issuer 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 Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, an annual report containing the following:

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

(B) A statement of account balances in all funds and accounts provided for herein and status of said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Resolution and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. 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 registered 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 such a registered 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 Original Purchaser 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 Original Purchaser, the Bond Insurer and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. 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 Division 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 Division 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 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1996 D 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 1996 D Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior to the statutory mortgage lien in favor of the Holders of the Second Lien Bonds, the Third Lien Bonds and the Fourth Lien Bonds.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1996 D Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1996 D Bonds during the term thereof is, under the terms of the Series 1996 D Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1996 D Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1996 D Bonds during the term thereof is, under the terms of the Series 1996 D Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1996 D Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 1996 D Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 1996 D Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1996 D Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1996 D Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 1996 D Bonds will be and remain excludable

from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18 Municipal Bond Insurance Policy. The Issuer may apply for a Municipal Bond Insurance Policy for the Series 1996 D Bonds and subsequent series of Bonds. In the event a Municipal Bond Insurance Policy is obtained for any series of Bonds, additional covenants and provisions relating to such series of Bonds as may be required by the applicable Bond Insurer as a condition to insuring such Bonds shall be set forth in a Supplemental Resolution and shall be controlling in the event any other provisions of this Resolution may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1996 D Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 1996 D Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Series 1996 D Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Bond Insurer;

(C) 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

(D) If default occurs with respect to the First Lien Bonds or the resolutions authorizing the First Lien Bonds.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Resolution;

(C) Bring suit upon the Bonds;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Resolution or the rights of the Bondholders.

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 1996 D Bonds shall be on a parity with those of the Holders of the First Lien Bonds.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer 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 on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Resolution and the Act.

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

Whenever all that is due upon the Bonds issued pursuant to this Resolution and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and accounts 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 Resolution 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 Bondholder 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, 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 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 the Holders of the Bonds issued pursuant to this Resolution. 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 possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Resolution, 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, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Resolution, in determining whether the rights of Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Resolution, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Resolution by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 1996 D Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 1996 D Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 1996 D Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 1996 D Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Bonds, the first exchange of Bonds and the exchange of Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 1996 D Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 1996 D Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 1996 D Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Series 1996 D Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Series 1996 D Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 1996 D Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Series 1996 D Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any moneys, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 1996 D Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 1996 D Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The Registrar shall also serve as the Paying Agent. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trust and the duty of Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Resolution. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said

period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All moneys received by the Paying Agent shall, until used or applied as provided in this Resolution, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1996 D Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 1996 D Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 1996 D Bonds from gross income for federal income tax purposes.

The Series 1996 D Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 1996 D Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1996 D Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 1996 D Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 1996 D Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 1996 D Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 1996 D Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government

Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. Prior to issuance of the Series 1996 D Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of the Resolution, shall be controlling. Following issuance of the Series 1996 D Bonds, this Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. In the event any of the Series 1996 D Bonds are insured, no such amendment or modification which adversely affects the security for such Series 1996 D Bonds or the rights of any Bond Insurer for such Series 1996 D Bonds may be effected without the written consent of such Bond Insurer. No materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 1996 D Bonds then Outstanding and affected thereby and such Bond Insurer, which must be filed with the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 1996 D Bond without the express written consent of the Holder of each Series 1996 D Bond so affected, nor reduce the percentage of Series 1996 D Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Resolution may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Resolution if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgements of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be

acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Resolution shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Resolution shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Resolution and no Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Resolution to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment

to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer. If any of said Bonds is a coupon Bond, the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

Berkeley County Public Service Sewer District
P. O. Box 944
Martinsburg, West Virginia 25401
Attention: Chairman

REGISTRAR AND PAYING AGENT

[Name(s) and address(es) to be set forth in Supplemental Resolution]

DEPOSITORY BANK

[Name(s) and address(es) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Ferris, Baker Watts, Incorporated
100 Light Street
Baltimore, Maryland 21202
Attention: Public Finance

BOND INSURER

[Name(s) and address(es) to be set forth in Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Resolution.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Resolution and of all Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 1996 D Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 1996 D Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution.

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All orders, 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 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 10.14. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 11th day of June, 1996.

_____
Chairman

_____
Member

_____
Member

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Berkeley County Public Service Sewer District on the 11th day of June, 1996.

Dated this 11th day of July, 1996.

[SEAL]

_____
Secretary, Public Service Board

07/05/96
BCJM.A7
067740/96001

EXHIBIT A - BOND FORM

No. R-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 1996 D

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (WEST VIRGINIA), a public service district and 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 199___ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Berkeley County Public Service Sewer District (West Virginia) Sewer Refunding Revenue Bonds, Series 1996 D" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____ 1, 199___, the proceeds of which are to be used, together with other funds of the Issuer, to refund in full the Sewer Revenue Bonds, Series 1986 A, dated March 7, 1986, of the Issuer outstanding in the total aggregate principal amount of $_____ (the "Series 1986 A Bonds"), which Series 1986 A Bonds were issued to finance the cost of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer. 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 of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on _____, 199___, and supplemented by a supplemental resolution duly adopted by the Issuer on _____, 199___ (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution 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 Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

The Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by _____.

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:

(i) 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");

(ii) 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");

(iii) 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");

(iv) 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");

(v) 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");

(vi) 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");

(vii) 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");

(viii) 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");

(ix) 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"); AND

(x) 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").

THE SERIES 1986 B BONDS, THE SERIES 1986 C 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 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 AND NOTES OF THE ISSUER:

(i) 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");

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

(iii) SEWERAGE SYSTEM BOND ANTICIPATION AND CONSTRUCTION NOTES, SERIES 1994, DATED OCTOBER 3, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $5,000,000 (THE "NOTES").

THE SERIES 1986 B BONDS, THE SERIES 1986 C 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 1990 B BONDS, THE SERIES 1994 B BONDS AND THE NOTES ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on or after _____, _____ are subject to redemption prior to maturity at the option of the Issuer on and after _____, _____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, at the following redemption prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing _____, are subject to annual mandatory redemption prior to maturity by random selection on _____ of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing

Year (____)	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) 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 moneys in the reserve account created under the Resolution for the Bonds (the "Series 1996 D Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be

obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1996 D Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, 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 ____% 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 prior to or on a parity with or junior to the Bonds, including the Prior Bonds.

All moneys received from the sale of this Bond except for accrued interest thereon shall be applied solely to refund the Series 1986 A Bonds and pay all costs in connection therewith and costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, 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 said 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 said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Resolution.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Resolution and the 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 (WEST VIRGINIA) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

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

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint _____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

STATEMENT OF INSURANCE

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
(WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS,
Series 1996 D

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION SETTING PARAMETERS AS TO AMOUNT, MATURITIES, INTEREST RATES, PRICES AND OTHER DETAILS AS TO THE SEWER REFUNDING REVENUE BONDS, SERIES 1996 D, OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT; AUTHORIZING AND APPROVING A CONTRACT OF PURCHASE, A CONTINUING DISCLOSURE AGREEMENT, A COMMITMENT FOR MUNICIPAL BOND INSURANCE, A REGISTRAR AND PAYING AGENT AGREEMENT, AN ESCROW AGREEMENT, AN OFFICIAL STATEMENT AND OTHER INSTRUMENTS RELATING TO THE BONDS; IMPLEMENTING PROVISIONS REQUIRED AS A CONDITION TO OBTAINING A MUNICIPAL BOND INSURANCE POLICY INSURING THE BONDS FROM MBIA INSURANCE CORPORATION; DELEGATING TO THE CHAIRMAN OF THE DISTRICT THE AUTHORITY TO APPROVE THE FINAL TERMS AND PRICING OF THE BONDS; APPOINTING AN ESCROW AGENT, REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, Berkeley County Public Service Sewer District (the "Issuer"), in the County of Berkeley, State of West Virginia, is a public service district and public corporation of said State, the governing body of which is this public service board (the "Governing Body");

WHEREAS, the Governing Body duly adopted on June 11, 1996, a resolution (the "Resolution") entitled:

> A RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1986 A, OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 1996 D, OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $5,200,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE DISTRICT, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Resolution provided for the refunding of the Issuer's Sewer Revenue Bonds, Series 1986 A, dated March 7, 1986 (the "Series 1986 A Bonds"), and issuance of its Sewer Refunding Revenue Bonds, Series 1996 D (the "Series 1996 D Bonds"), in an aggregate principal amount not to exceed $5,200,000, for the purposes of paying a portion of the costs of such refunding, funding a reserve account for the Series 1996 D Bonds; and paying costs of issuance thereof, all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Resolution further provided that the exact principal amount of the Series 1996 D Bonds to be sold and the dates, maturities, interest rates, redemption provisions, price and other terms of the Series 1996 D Bonds should be established, that a Bond Insurer, an Escrow Agent, Registrar, Paying Agent and Depository Bank be designated, that an Escrow Agreement and Registrar and Paying Agent Agreement be approved, that additional covenants and provisions relating to the Series 1996 D Bonds be

provided herein as may be required by any Bond Insurer as a condition to insuring the Series 1996 D Bonds and that other matters pertaining to the Series 1996 D Bonds be provided for by a supplemental resolution of the Governing Body upon receipt of a Bond Purchase Contract acceptable to the Governing Body;

WHEREAS, the Series 1996 D Bonds are proposed to be purchased by Ferris, Baker Watts, Incorporated (the "Original Purchaser"), pursuant to a Contract of Purchase between the Original Purchaser and the Issuer (the "Bond Purchase Contract");

WHEREAS, the Issuer has obtained a Commitment for Municipal Bond Insurance for the Series 1996 D Bonds (the "Commitment for Municipal Bond Insurance") from MBIA Insurance Corporation (the "Bond Insurer") and has determined that it is advantageous for the Issuer to obtain such Municipal Bond Insurance Policy and provide herein for certain matters required by the Bond Insurer as a condition to issuing such Municipal Bond Insurance Policy;

WHEREAS, the Governing Body wishes to delegate to the Chairman the authority to approve, within the parameters set forth herein, the final terms of the Series 1996 D Bonds, including the exact principal amount, interest rates, redemption provisions, maturities, purchase price and other terms of the Series 1996 D Bonds and the final terms and provisions of all Bond Documents, without the requirement of further official action by the Governing Body; and

WHEREAS, the Governing Body deems it essential and desirable that this Resolution be adopted and that the Bond Purchase Contract, the Continuing Disclosure Agreement, the Commitment for Municipal Bond Insurance, the Escrow Agreement and the Registrar and Paying Agent Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 1996 D Bonds, hereinafter described, be approved, that the parameters established hereunder for the aggregate principal amount, the prices, the maturity dates and amounts, and the interest rates of the Series 1996 D Bonds, be fixed hereby in the manner stated herein, that provisions required by the Bond Insurer as a condition to issuing its Municipal Bond Insurance Policy be provided herein and that other matters relating to the Series 1996 D Bonds be herein provided for, all in accordance with the Resolution;

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 Series 1996 D Bonds. The Series 1996 D Bonds shall be dated, shall be issued in such aggregate principal amount not to exceed $5,200,000, shall bear interest and prices at a yield not to exceed 7.5%, with interest payable semiannually on such dates, with final maturity to be on or before October 1, 2025, and shall have such redemption provisions and other terms as shall be approved by the Chairman and thereafter be fully set forth in EXHIBIT A - Series 1996 D BOND TERMS, to be attached hereto and incorporated by reference herein following adoption hereof and approval of such terms by the Chairman prior to the date of delivery of the Series 1996 D Bonds. All other provisions relating to the Series 1996 D Bonds shall be as provided in the Resolution, and the Series 1996 D Bonds shall be in substantially the form provided in the Resolution.

Section 2. The Bond Purchase Contract by and between the Original Purchaser and the Issuer, substantially in the form of the draft submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved, and directed. Upon approval of the Chairman of the sale of the Series 1996 D Bonds within the parameters set forth in this Supplemental Resolution, the Chairman shall execute and deliver the Bond Purchase Contract with such changes, insertions and omissions as may be approved by the Chairman. Execution of the Bond Purchase Contract by the Chairman shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Contract relating to the issuance and sale of the Series 1996 D Bonds, including the payment of all necessary fees and expenses in connection therewith. The price of the Series 1996 D Bonds shall be as set forth in the Bond Purchase Contract, plus interest accrued from the date of the Series 1996 D Bonds to the date of delivery of the Series 1996 D Bonds, expected to be on or about July 16, 1996.

Section 3. The Continuing Disclosure Agreement by and between the Issuer and the Original Purchaser, to be dated as of the date of delivery of the Series 1996 D Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved and directed. The Chairman shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the Chairman. Execution of the Continuing Disclosure Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 4. The Escrow Agreement by and between the Issuer and the West Virginia Municipal Bond Commission as Escrow Agent, to be dated as of the date of delivery of the Series 1996 D Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved and directed. The Chairman shall execute and deliver the Escrow Agreement with such changes, insertions and omissions as may be

approved by the Chairman. Execution of the Escrow Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 5. The Official Statement dated the date of adoption of this Supplemental Resolution, to be substantially in the form of the Preliminary Official Statement described below (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Chairman), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Chairman shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Official Statement by the Chairman shall be conclusive evidence of any approval required by this Section. The distribution by the Original Purchaser of the Preliminary Official Statement dated June 17, 1996 (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12), substantially in the form submitted to this meeting is hereby ratified and approved. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Chairman is hereby ratified and approved.

Section 6. The Registrar and Paying Agent Agreement to be dated as of the date of delivery of the Series 1996 D Bonds, by and between the Issuer and the Registrar/Paying Agent designated herein, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Chairman shall execute and deliver the Registrar and Paying Agent Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Registrar and Paying Agent Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 7. The Issuer does hereby determine that the Municipal Bond Insurance Policy offered by the Bond Insurer will result in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Municipal Bond Insurance Policy, and accordingly accepts the Commitment for Municipal Bond Insurance, dated June 5, 1996. The Chairman is hereby authorized and directed to execute the approval of the Commitment for Municipal Bond Insurance and deliver the same to the Bond Insurer. Execution by the Chairman of the Commitment for Municipal Bond Insurance shall be conclusive evidence of any approval required by this Section.

Section 8. Pursuant to the Commitment for Municipal Bond Insurance, and as permitted by Section 6.18 of the Resolution, the following covenants and provisions which are required by the Bond Insurer as a condition precedent to issuance of its Municipal Bond Insurance Policy are hereby set forth, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Resolution and applicable to the Series 1996 D Bonds:

A. Notice to the Bond Insurer. All notices required to be given by any party set forth in the Resolution shall also be given to the Bond Insurer, Attn: Insured Portfolio Management.

B. Amendments. The Bond Insurer shall be given notice of any amendment to the Resolution that does not require consent of Bondholders. The written consent of the Bond Insurer must be obtained prior to any amendment of the Resolution requiring Bondholder consent. All documents must contain a provision which requires copies of any amendments to such documents which are consented to by the Bond Insurer to be sent to Standard & Poor's.

C. Supplemental Legal Documents. The Issuer shall first obtain the Bond Insurer's written consent prior to the issuance of any additional Bonds other than (1) refunding bonds to obtain savings or (2) bonds which meet the parity tests set forth in Section 6.08 of the Resolution.

D. Events of Default and Remedies. The Bond Insurer, acting alone, shall have the right to direct all remedies upon the occurrence of an Event of Default. The Bond Insurer shall be recognized as the Registered Owner of each Bond which it insures for the purposes of exercising all rights and privileges available to Bondholders. For Bonds which it insures, the Bond Insurer shall have the right to institute any suit, action, or proceeding at law or in equity under the same terms as a Bondholder in accordance with applicable provisions of the Resolution. Except as a result of optional or mandatory sinking fund redemptions, any acceleration of principal payments shall be subject to the Bond Insurer's prior written consent.

E. Defeasance of the Bonds requires the deposit of:

1. Cash, or

2. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- "SLGs"), or

3. Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities, or

4. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form, or

5. Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition, or

6. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

   a. U.S. Export-Import Bank (Eximbank)
   Direct obligations or fully guaranteed certificates of beneficial ownership,

   b. Farmers Home Administration (FmHA)
   Certificates of beneficial ownership,

   c. Federal Financing Bank,

   d. General Services Administration
   Participation certificates,

   e. U.S. Maritime Administration
   Guaranteed Title XI financing, or

   f. U.S. Department of Housing and Urban Development (HUD)

   Project Notes

   Local Authority Bonds

   New Communities Debentures - U.S. government guaranteed debentures

   U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

F. In the event the Series 1996 D Bonds Reserve Account is replaced with either a surety bond or a letter of credit, or a surety bond or letter of credit is used to fund the reserve account for additional parity Bonds, no such surety bond or letter of credit may be used without the written consent of the Bond Insurer both as to the provider of such security and its structure.

Section 9. The firm of Steptoe & Johnson, Clarksburg, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 1996 D Bonds.

Section 10. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Escrow Agent.

Section 11. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, for the purpose of serving in the capacities of Registrar and Paying Agent.

Section 12. The Issuer does hereby appoint and designate One Valley Bank-East, National Association, Martinsburg, West Virginia, for the purpose of serving in the capacity of Depository Bank.

Section 13. The firm of Smith, Cochran & Hicks, Charleston, West Virginia, is hereby engaged for the purpose of verifying yield and sufficiency of the Escrow Fund.

Section 14. The notice addresses for the Registrar, Paying Agent, Depository Bank, Escrow Agent, Original Purchaser and Bond Insurer shall be as follows:

REGISTRAR AND PAYING AGENT

One Valley Bank, National Association
P. O. Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

DEPOSITORY BANK

One Valley Bank-East, National Association
110 West King Street
P. O. Box 847
Martinsburg, West Virginia 25401
Attention: Executive Banking

ESCROW AGENT

West Virginia Municipal Bond Commission
812 Quarrier Street, Suite 300
Charleston, West Virginia 25301
Attention: Executive Director

ORIGINAL PURCHASER

Ferris, Baker Watts, Incorporated
100 Light Street
Baltimore, Maryland 21202
Attention: Public Finance

BOND INSURER

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504
Attention: Insured Portfolio Management

Section 15. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 1996 D Bond issue to the end that the Series 1996 D Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 16. Under the provisions of the Act, and as provided in the Resolution and the Series 1996 D Bonds, the Series 1996 D Bonds and the interest thereon do not constitute indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, but shall be payable solely from the Net Revenues derived from the operation of the System of the Issuer and the Series 1996 D Bonds Reserve Account established by the Resolution, and neither the credit nor the taxing power of the Issuer is pledged for, and no tax shall ever be levied for, payment of the Series 1996 D Bonds and the interest thereon.

Section 17. The Chairman and other appropriate officers and employees of the Issuer are hereby authorized and directed to take all further actions necessary to cause the Series 1996 D Bonds to be insured by the Bond Insurer or such other municipal bond insurance company as is acceptable to the Original Purchaser.

Section 18. This Resolution shall be effective immediately.

Adopted this 11th day of June, 1996.

_____
Chairman

_____
Member

_____
Member

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Public Service Board of BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT at a regular meeting of the Public Service Board held at 5:30 p.m., on June 11, 1996, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 11th day of July, 1996.

[SEAL]

_____

Secretary

07/05/96
BCAG.B6
067740/96001

EXHIBIT A - SERIES 1996 D BOND TERMS

SERIAL BONDS

Bond No.	CUSIP	Maturity Date	Principal Amount	Interest Rate	Price or Yield
DR-1	084249 AA 9	October 1, 1996	$ 115,000	3.750%	100%
DR-2	084249 AB 7	October 1, 1997	75,000	4.000	100
DR-3	084249 AC 5	October 1, 1998	75,000	4.250	100
DR-4	084249 AD 3	October 1, 1999	80,000	4.500	100
DR-5	084249 AE 1	October 1, 2000	85,000	4.600	100
DR-6	084249 AF 8	October 1, 2001	85,000	4.650	100
DR-7	084249 AG 6	October 1, 2002	90,000	4.750	100
DR-8	084249 AH 4	October 1, 2003	95,000	4.800	4.85
DR-9	084249 AJ 0	October 1, 2004	100,000	4.900	4.95
DR-10	084249 AK 7	October 1, 2005	105,000	5.000	100
DR-11	084249 AL 5	October 1, 2006	110,000	5.100	100
DR-12	084249 AM 3	October 1, 2007	115,000	5.250	100
DR-13	084249 AN 1	October 1, 2008	120,000	5.350	100
DR-14	084249 AP 6	October 1, 2009	130,000	5.450	100
DR-15	084249 AQ 4	October 1, 2010	135,000	5.550	100
DR-16	084249 AR 2	October 1, 2011	145,000	5.650	100
DR-17	084249 AV 3	October 1, 2012	150,000	5.650	5.70
DR-18	084249 AW 1	October 1, 2013	160,000	5.700	5.75
DR-19	084249 AS 0	October 1, 2014	170,000	5.750	5.80

TERM BONDS

DR-20	084249 AT 8	October 1, 2019	1,005,000	5.625	6.00
DR-21	084249 AU 5	October 1, 2025	1,625,000	5.750	6.05

OPTIONAL REDEMPTION

The Series 1996 D Bonds maturing on and after October 1, 2007, are subject to redemption prior to maturity at the option of the Issuer on or after October 1, 2006, in whole at any time and in part on any interest payment date, in inverse order of maturity, at the following redemption prices (expressed as a percentage of the principal amount to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (both dates inclusive)	Redemption Price
October 1, 2006 to September 30, 2007	102%
October 1, 2007 to September 30, 2008	101
October 1, 2008 and thereafter	100

MANDATORY SINKING FUND REDEMPTION

The Series 1996 D Bonds maturing in the years 2019 and 2025 (the "Term Bonds") are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption, plus interest accrued to the date fixed for redemption:

Series 1996 D Bonds Maturing October 1, 2019

Year	Principal Amount
2015	$180,000
2016	190,000
2017	200,000
2018	210,000
2019	225,000*

Series 1996 D Bonds Maturing October 1, 2025

Year	Principal Amount
2020	$235,000
2021	250,000
2022	260,000
2023	275,000
2024	295,000
2025	310,000*

* By maturity

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

Chase Tower, 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
(304) 353-8196 - Telephone
(304) 353-8181 - Fax
John.Stump@steptoe-johnson.com

September 22, 2006

Berkeley County Public Service Sewer District
Sewer Revenue Refunding Bonds, Series 2006

VIA FEDERAL EXPRESS
Thomas A. Vlahakis, Vice President
Bank of New York
385 Rifle Camp Road 3rd flr.
West Paterson, New Jersey 07424

Dear Mr. Vlahakis:

The Bank of New York (the "Bank") currently serves as Paying Agent and Registrar for the Berkeley County Public Service Sewer District (the "District") Sewer Refunding Revenue Bonds, Series 1996 D (the "Series 1996 D Bonds"). The District will be advance refunding the Series 1996 D Bonds on November 1, 2006. Pursuant to the redemption requirements in the Series 1996 D Bond Ordinance, notice must be sent no less than 30-60 days prior to the date of redemption. Enclosed please find the Notice of Redemption. The only item missing is for you to complete the section with the address of the Bank which you want mailings sent to.

Pursuant to the Series 1996 D Bond Ordinance, the Registrar must send the notice to the Bond Insurer, Original Purchaser and Registered Owners no later than September 29, 2006, in order for the Series 1996 D Bonds to be refunded on November 1,2006. We anticipate the issuance of the above-referenced refunding bonds in the middle of October. At that time, sufficient funds will be placed with the Bank to pay the entire amount of principal of, all interest accrued and the premium of 2% for the Series 1996 D Bonds.

Thank you for your attention to this letter. If you have any questions regarding any aspect of this financing, or if I can be of any other service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/km
Enclosure

cc: William Rohrbaugh, Esquire
Gregory Isaacs, Vice President
Williams K. Bragg, Esquire

067740.00017

CH826382.1

TERRALEX
The Worldwide Network of Independent Law Firms

[TO BE MAILED BY CERTIFIED OR REGISTERED MAIL TO ALL REGISTERED OWNERS (DTC), THE BOND INSURER AND THE ORIGINAL PURCHASER OF THE SERIES 1996 D BONDS ON SEPTEMBER 29, 2006]

NOTICE OF REDEMPTION

$4,770,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, SERIES 1996 D
Date: June 15, 1996

TO THE REGISTERED OWNERS (DTC), BOND INSURER AND ORIGINAL PURCHASER OF THE ABOVE-CAPTIONED BONDS:

You are hereby notified that, contingent upon the issuance of Sewer Refunding Revenue Bonds, Series 2006, in one or more series, all the Sewer Refunding Revenue Bonds, Series 1996 D, of Berkeley County Public Service Sewer District, West Virginia (the "District"), dated June 15, 1996 (the "Series 1996 D Bonds"), have been ordered by the District to be redeemed on or about November 1, 2006 (the "Redemption Date"), in accordance with the provisions of the Ordinance authorizing issuance of the Series 1996 D Bonds. The outstanding Series 1996 D Bonds mature on October 1 in the following years:

Principal Amount	Maturity Date	CUSIP*	Interest Rate
$115,000	October 1, 2007	084249 AM3	5.25%
$120,000	October 1, 2008	084249 AN1	5.35%
$130,000	October 1, 2009	084249 AP6	5.45%
$135,000	October 1, 2010	084249 AQ4	5.55%
$145,000	October 1, 2011	084249 AR2	5.65%
$150,000	October 1, 2012	084249 AV3	5.65%
$160,000	October 1, 2013	084249 AW1	5.70%
$170,000	October 1, 2014	084249 AS0	5.75%

$1,005,000 5.625% Term Bonds due October 1, 2019, 084249 AT8
$1,625,000 5.75% Term Bonds due October 1, 2025, 084249 AU5

Contingent upon the issuance of the District's Sewer Refunding Revenue Bonds, Series 2006, in one or more series, on or about November 1, 2006, all Series 1996 D Bonds outstanding as of the Redemption Date are to be surrendered to:

BY MAIL:
The Bank of New York
P.O. Box 396
East Syracuse, NY 13057
Attention: Bond Redemption Unit

HAND DELIVERY/OVERNIGHT MAIL:
The Bank of New York
111 Sanders Creek Parkway
East Syracuse, NY 13057
Attention: Bond Redemption Unit

for payment of the Redemption Price thereof (which Redemption Price is equal to the principal amount of each of the Series 1996 D Bonds to be redeemed, plus a premium of 2% of the principal amount of each of the Series 1996 D Bonds to be redeemed) and interest accrued thereon to the Redemption Date.

Upon the issuance of the Sewer Refunding Revenue Bonds, Series 2006, there is expected to be deposited with Branch Banking and Trust Company (Formerly, One Valley Bank, National Association) as Paying Agent and Registrar for the Series 1996 D Bonds, an amount sufficient to pay, on the Redemption Date, the Redemption Price of the Series 1996 D Bonds, the interest accrued thereon, plus a premium of 2%. On the Redemption Date, interest will cease to accrue on all Series 1996 D Bonds.

In accordance with the terms of the Interest and Dividend Tax Compliance Act of 1983, payers are required to withhold 28% of payment upon redemption to certain bondholders who do not provide a correctly completed Form W-9 entitled "Payer's Request for Taxpayers Identification Number." If you need a copy of the Form W-9, you should be able to obtain one at your local bank or IRS service center. Please return a correctly completed Form W-9 to the address above with your Series 1996 Bonds to avoid any such withholding penalties.

BERKELEY COUNTY PUBLIC SERVICE
SEWER DISTRICT

By: _____
Its: General Manager

BANK OF NEW YORK (Successor to One Valley Bank, National Association, corporate trust services), as Paying Agent and Registrar

By: _____
Its: Authorized Officer

Dated: September 29, 2006

* No representation is made as to the correctness of the CUSIP numbers as printed on the Series 1996 D Bonds or as contained in this notice of redemption.

067740.00017

$3,905,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

RECEIPT AND RELEASE

The undersigned, authorized representative of the West Virginia Municipal Bond Commission (the "Commission") hereby certifies as follows:

On the 19th day of October, 2006, the Commission received the sum of $3,762,372.12 from the proceeds of the above-referenced bonds issued by Berkeley County Public Service Sewer District (the "District") and such amount, along with the amount of $85,442.64 (for a total of $3,847,814.76) currently held in the Series 1996 D Bonds Sinking Fund is sufficient to pay the entire outstanding principal of and all accrued interest on the Sewer Refunding Revenue Bonds, Series 1996 D, dated June 15, 1996, originally issued in the aggregate principal amount of $4,770,000, of which approximately $3,755,000 is presently outstanding, to the date hereof and discharge the liens, pledges and encumbrances securing such Bonds.

WITNESS my signature on this 19th day of October, 2006.

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By: _____
Its: Executive Director

10/17/06
067740.00017

NEW ISSUE **RATING: Standard & Poors: "BBB"**

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2006 Bonds (i) is excludable from gross income of the holders thereof for Federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, interest paid to corporate holders of the Series 2006 A Bonds may be indirectly subject to alternative minimum tax under certain circumstances, and (iii) under the laws of the State of West Virginia, the Series 2006 Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2006 Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia (see "TAX MATTERS" herein).

$3,665,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS
SERIES 2006 A (BANK-QUALIFIED)
and
$240,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS
SERIES 2006 B (NON BANK-QUALIFIED)

Dated: October 1, 2006 **Due: October 1, as shown on inside cover**

The Series 2006 A Bonds and Series 2006 B Bonds (collectively, the "Series 2006 Bonds") are issuable only as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. All of the Series 2006 Bonds initially will be maintained under a book-entry system under which The Depository Trust Company, New York, New York ("DTC"), will act as securities depository. Purchases of the Series 2006 Bonds will be in book-entry form only. Semiannual interest on the Series 2006 Bonds is payable beginning April 1, 2007, and each April 1 and October 1 thereafter. So long as the Series 2006 Bonds are maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Series 2006 Bonds will be made when due by the Municipal Bond Commission of West Virginia, Charleston, West Virginia, as Paying Agent, to DTC in accordance with the Resolution and any Supplemental Resolution, and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Series 2006 Bonds. See "THE SERIES 2006 BONDS" and "BOOK-ENTRY ONLY SYSTEM."

The Series 2006 Bonds are being issued by the Berkeley County Public Service Sewer District (the "District"), together with other funds available therefor, to: (i) provide funds to refund the District's Sewer Refunding Revenue Bonds, Series 1996 D, (ii) fund a debt service reserve account for the Series 2006 Bonds, and (iii) pay certain costs of issuance of the Series 2006 Bonds and related costs.

The Series 2006 Bonds are payable from and further secured by the Net Revenues derived from the existing sewer system of the District and any extensions, improvements and betterments thereto and from funds on deposit in the Series 2006 Bonds Sinking Funds and the Series 2006 A and Series 2006 B Bonds Reserve Account therein on parity with the First Lien Bonds and senior and prior to the Second Lien Bonds, as more fully described herein. The Series 2006 Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the principal of, premium, if any, and interest on the Series 2006 Bonds, except from the Net Revenues and such funds on deposit. Neither the full faith and credit nor the taxing power, if any, of the District shall be deemed to be pledged to, nor shall any tax be levied for, the payment of the principal of, premium, if any, or interest on the Series 2006 Bonds.

The Series 2006 Bonds are subject to redemption prior to maturity as described herein.

The District has designated the Series 2006 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. The Series 2006 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. William F. Rohrbaugh, Martinsburg, West Virginia, as counsel to the District, will pass on certain legal matters for the District, including proceedings regarding the Public Service Commission of West Virginia. Goodwin & Goodwin, LLP, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter. It is expected that the Series 2006 Bonds will be available for delivery in New York, New York, on or about October 19, 2006.

Crews&Associates
First Security Bancorp

Dated: October 6, 2006

$3,665,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds
Series 2006 A (Bank-Qualified)
and
$240,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds
Series 2006 B (Non Bank-Qualified)

Maturities, Amounts, Interest Rates and Prices

Series 2006A — Serial Bonds

Maturity	Principal Amount	Interest Rate	Price	CUSIP #
10/1/2007	$ 75,000.00	3.80%	100.00%	084249AY7
10/1/2008	145,000.00	3.80%	99.94%	084249AZ4
10/1/2009	155,000.00	3.85%	100.00%	084249BA8
10/1/2010	160,000.00	3.90%	100.00%	084249BB6
10/1/2011	170,000.00	3.95%	100.00%	084249BC4
10/1/2012	170,000.00	4.00%	100.00%	084249BD2
10/1/2013	180,000.00	4.05%	100.00%	084249BE0
10/1/2014	190,000.00	4.10%	100.00%	084249BF7
10/1/2015	195,000.00	4.15%	100.00%	084249BG5
10/1/2016	205,000.00	4.20%	100.00%	084249BH3
10/1/2017	210,000.00	4.25%	100.00%	084249BJ9
10/1/2018	220,000.00	4.30%	100.00%	084249BK6
10/1/2019	230,000.00	4.35%	100.00%	084249BL4
10/1/2020	240,000.00	4.40%	100.00%	084249BM2
10/1/2021	250,000.00	4.50%	100.00%	084249BN0

Series 2006A — Term Bonds

$870,000 4.65% Term Bonds due October 1, 2025 at 100.00% — CUSIP #084249BP5

Series 2006B — Serial Bonds

Maturity	Principal Amount	Interest Rate	Price	CUSIP #
10/1/2025	$240,000.00	4.80%	100.00%	084249BQ3

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, WEST VIRGINIA

PUBLIC SERVICE BOARD
John C. Kunkle, Chairman
John E. Myers, Secretary
Ronald K. Collins, Treasurer

BOND COUNSEL
Steptoe & Johnson PLLC
Charleston, West Virginia

ACCOUNTANT
Yount, Hyde & Barbour, P.C.
Winchester, Virginia

UNDERWRITER
Crews & Associates, Inc.
Charleston, West Virginia
Little Rock, Arkansas

UNDERWRITER'S COUNSEL
Goodwin & Goodwin, LLP
Charleston, West Virginia

PAYING AGENT
West Virginia Municipal Bond Commission
Charleston, West Virginia

REGISTRAR
United Bank, Inc.
Charleston, West Virginia

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2006 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by Berkeley County Public Service Sewer District or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from Berkeley County Public Service Sewer District and other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of Berkeley County Public Service Sewer District as it relates to the System since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2006 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

INTRODUCTION 1
FINANCING PLAN 5
Sources and Uses of Funds 5
THE SERIES 2006 BONDS 5
General 5
Extraordinary Redemption 6
Optional Redemption 6
Sinking Fund Redemption 6
Notice of Redemption 7
BOOK-ENTRY ONLY SYSTEM 7
The Depository Trust Company 7
SECURITY FOR THE SERIES 2006 BONDS 10
Sources of Payment 10
Rate Covenant 10
Series 2006 A and Series 2006 B Bonds Reserve Account 10
Application of Revenues 11
Enforcement of Collections 11
Additional Parity Bonds 12
Future Projects/Future Obligations 13
THE SYSTEM 14
System Wide Capacity 14
Customer Background 15
Major Users 15

District Personnel 16
Rates 16
Billing and Collections 20
Comparable Rates 20
Allowance for Uncollectibles 20
System Budget 20
Method of Accounting 21
Detailed Coverage Calculation 22
Pension Plan 23
Public Service Sewer District Authority and Board Membership 23
ANNUAL DEBT SERVICE REQUIREMENTS 25
Five Year Historic Coverage Ratio 26
SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION 26
Application of Series 2006 Bond Proceeds 26
Application of System Revenues 27
System Revenues; Flow of Funds 27
Investments 30
General Covenants 31
Default and Remedies 36
TAX MATTERS 37
APPROVAL OF LEGALITY 39
ABSENCE OF MATERIAL LITIGATION 39
NEGOTIABLE INSTRUMENTS 39
UNDERWRITING 39
FINANCIAL STATEMENTS 40
CONTINUING DISCLOSURE 40
RATING 40
MISCELLANEOUS 40

APPENDIX A - Economic and Demographic Information Regarding Berkeley County, West Virginia A-1
APPENDIX B - Financial Statements B-1
APPENDIX C - Form of Opinions of Bond Counsel C-1
APPENDIX D - Form of Continuing Disclosure Certificate D-1

OFFICIAL STATEMENT
$3,665,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS
SERIES 2006 A (BANK-QUALIFIED)
and
$240,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS
SERIES 2006 B (NON BANK-QUALIFIED)

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning Berkeley County Public Service Sewer District, West Virginia (the "District"), the District's sewer system hereinafter described and the District's $3,665,000 in aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2006 A (Bank-Qualified) (the "Series 2006 A Bonds") and the District's $240,000 in aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified) (the "Series 2006 B Bonds", and, together with the Series 2006 A Bonds, the "Series 2006 Bonds"). The Series 2006 Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), and a resolution adopted by the Public Service Board of the District on July 19, 2006 (the "Resolution"), as supplemented and amended by any supplemental resolution adopted by the Board of the District pursuant to the Resolution (the "Supplemental Resolution", and together with the Resolution, the "Resolution").

The proceeds of the Series 2006 Bonds, together with other funds available therefor, will be used as follows: (i) to provide funds to currently refund the District's Sewer Refunding Revenue Bonds, Series 1996 D (the "Refunded Bonds"), (ii) to fund a debt service reserve account for the Series 2006 Bonds, and (iii) to pay certain costs of issuance of the Series 2006 Bonds and related costs.

In addition to the Refunded Bonds, the District has outstanding the following bonds payable from the Net Revenues of the System: (i) the Sewer Revenue Bonds, 1986 B, dated March 7, 1986, issued in the original aggregate principal amount of $1,638,194, of which approximately $862,207 is currently outstanding (the "Series 1986 B Bonds"), (ii) the Sewer Revenue Bonds, Series 1990 A, dated May 3, 1990, issued in the original aggregate principal amount of $828,629, of which approximately $731,937 is currently outstanding (the "Series 1990 A Bonds"), (iii) the Sewer Revenue Bonds, Series 1990 B, dated May 3, 1990, issued in the original aggregate principal amount of $38,669, of which approximately $23,796 is currently outstanding (the "Series 1990 B Bonds"), (iv) the Sewer Revenue Bonds, Series 1994 A, dated October 5, 1994, issued in the original aggregate principal amount of $494,288, of which approximately $452,747 is currently outstanding (the "Series 1994 A Bonds"), (v) the Sewer Revenue Bonds, Series 1994 C, dated November 17, 1994, issued in the original aggregate principal amount of $2,772,879, of which approximately $1,386,439 is currently outstanding (the "Series 1994 C Bonds"), (vi) the Sewer Revenue Bonds, Series 1995 A, dated February 9, 1995, issued in the original aggregate principal

amount of $3,837,640, of which approximately $1,966,771 is currently outstanding (the "Series 1995 A Bonds"), (vii) the Sewer Revenue Bonds, Series 1995 B, dated December 29, 1995, issued in the original aggregate principal amount of $2,138,506, of which approximately $1,095,971 is currently outstanding (the "Series 1995 B Bonds"), (viii) the Sewer Revenue Bonds, Series 1996 A, dated February 13, 1996, issued in the original aggregate principal amount of $319,902, of which approximately $163,941 is currently outstanding (the "Series 1996 A Bonds"), (ix) the Sewer Revenue Bonds, Series 1996 B, dated May 1, 1996, issued in the original aggregate principal amount of $2,628,633, of which approximately $1,445,745 is currently outstanding (the "Series 1996 B Bonds"), (x) the Sewer Revenue Bonds, Series 1996 C, dated May 1, 1996, issued in the original aggregate principal amount of $837,579, of which approximately $460,659 is currently outstanding (the "Series 1996 C Bonds"), (xi) the Sewer Revenue Bonds, Series 1997 A, dated June 12, 1997, issued in the original aggregate principal amount of $148,000, of which approximately $94,001 is currently outstanding (the "Series 1997 A Bonds"), (xii) the Sewer Revenue Bonds, Series 1997 B, dated December 11, 1997, issued in the original aggregate principal amount of $1,250,000, of which approximately $867,936 is currently outstanding (the "Series 1997 B Bonds"), (xiii) the Sewer Revenue Bonds, Series 1999 A, dated October 28, 1999, issued in the original aggregate principal amount of $30,707,296, of which approximately $26,736,518 is currently outstanding (the "Series 1999 A Bonds"), (xiv) the Sewer Revenue Bonds, Series 2000 A, dated May 25, 2000, issued in the original aggregate principal amount of $937,500, of which approximately $773,427 is currently outstanding (the "Series 2000 A Bonds"), (xv) the Sewer Revenue Bonds, Series 2001 A, dated March 30, 2001, issued in the original aggregate principal amount of $429,000, of which approximately $344,329 is currently outstanding (the "Series 2001 A Bonds"), (xvi) the Sewer Revenue Bonds, Series 2001 B, dated August 7, 2001, issued in the original aggregate principal amount of $2,909,850, of which approximately $2,521,866 is currently outstanding (the "Series 2001 B Bonds"), (xvii) the Sewer Revenue Bonds, Series 2002 A, dated May 9, 2002, issued in the original aggregate principal amount of $750,000, of which approximately $668,750 is currently outstanding (the "Series 2002 A Bonds"), (xiii) the Sewer Revenue Bonds, Series 2002 B, dated July 11, 2002, issued in the original aggregate principal amount of $456,548, of which approximately $407,083 is currently outstanding (the "Series 2002 B Bonds"), (xix) the Sewer Revenue Bonds, Series 2002 C, dated August 28, 2002, issued in the original aggregate principal amount of $30,500,000, of which approximately $29,457,264 is currently outstanding (the "Series 2002 C Bonds"), (xx) the Sewer Revenue Bonds, Series 2002 D, dated August 28, 2002, issued in the original aggregate principal amount of $4,965,465, of which approximately $4,918,972 is currently outstanding (the "Series 2002 D Bonds"), (xxi) the Sewer Revenue Bonds, Series 2002 E, dated August 28, 2002, issued in the original aggregate principal amount of $560,822, of which approximately $556,210 is currently outstanding (the "Series 2002 E Bonds"), (xxii) the Sewer Revenue Bonds, Series 2003 A, dated August 14, 2003, issued in the original aggregate principal amount of $252,922, of which approximately $231,925 is currently outstanding (the "Series 2003 A Bonds"), (xxiii) the Sewer Revenue Bonds, Series 2003 B, dated August 14, 2003, issued in the original aggregate principal amount of $330,862, of which approximately $303,393 is currently outstanding (the "Series 2003 B Bonds"), and (xxiv) the Sewer Revenue Bonds, Series 2004 A, dated November 30, 2004, issued in the original aggregate principal amount of $1,999,600, of which approximately $1,956,130 is currently outstanding (the "Series 2004 A Bonds") (collectively, the "Prior 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 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, the Series 2003 B Bonds, the Series 2004 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1990 B Bonds are hereinafter called the "Second Lien Bonds."

The Series 2006 Bonds shall be issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects pursuant to the Resolution. See "SECURITY FOR THE SERIES 2006 BONDS."

The Series 2006 Bonds are payable from and secured by the Net Revenues, as defined in the Resolution and hereinafter, derived from the existing sewer system of the District and any extensions, improvements or betterments thereto (the "System") and from funds on deposit in the Series 2006 A Bonds Sinking Fund, the Series 2006 B Bonds Sinking Fund and the Series 2006 A and Series 2006 B Bonds Reserve Account therein on parity with the First Lien Bonds and senior and prior to the Second Lien Bonds. The Series 2006 Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2006 Bonds or premium, if any, or the interest thereon except from such Net Revenues and such funds on deposit.

Pursuant to the Resolution, the District has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby so as to produce for each fiscal year Net Revenues, as defined in the Resolution and hereinafter, equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Series 2006 Bonds and all other obligations secured by a lien on or payable from Net Revenues prior to or on a parity with the Series 2006 Bonds. See "SECURITY FOR THE SERIES 2006 BONDS - Rate Covenant."

The Series 2006 Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described on the cover page and under the heading "THE SERIES 2006 BONDS" herein. The Series 2006 Bonds initially will be maintained under a book-entry system. So long as the Series 2006 Bonds are maintained under a book-entry system, the manner of payment, the denominations, the transfer and exchange of ownership and the method of providing notice of redemption to the owners of the Series 2006 Bonds shall be determined as described under the "BOOK-ENTRY ONLY SYSTEM" herein. If the book-entry system is discontinued, principal of, interest, and premium, if any, on the Series 2006 Bonds will be payable by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Bond Commission" or the "Paying Agent"), to the owners thereof at the addresses appearing in the books kept by United Bank, Inc., as registrar (the "Registrar"). For further information describing the method of payment and other matters in the event the book-entry system is discontinued, see "THE SERIES 2006 BONDS" herein.

For a description of the exclusion of interest on the Series 2006 Bonds from gross income for federal and state income tax purposes, see "TAX MATTERS" herein.

The District may issue additional bonds on parity with the First Lien Bonds and senior and prior to the Second Lien Bonds for the purpose of financing the cost of the construction or acquisition of additions, improvements and betterments to the System and/or refunding one or more or all series of bonds issued pursuant to the Resolution subject, in each case, to certain tests and conditions provided for by the Resolution (the Series 2006 Bonds and any such additional parity bonds are hereinafter referred to as the "Bonds"). See "SECURITY FOR THE SERIES 2006 BONDS - Additional Parity Bonds."

The Series 2006 Bonds are offered when, as and if issued and received on behalf of the Underwriter appearing on the cover page hereof (the "Underwriter"), subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of the legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. William F. Rohrbaugh, Martinsburg, West Virginia, will pass upon certain legal matters for the District, including proceedings regarding the Public Service Commission of West Virginia. Goodwin & Goodwin, LLP, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter.

Brief descriptions of the Series 2006 Bonds, the Resolution, the refunding of the Series 1996 D Bonds, the District and certain provisions of the Resolution and the Act, as defined in the Resolution and hereinafter, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Resolution, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2006 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement shall have the respective meanings given them in the Resolution. Copies of the Resolution and other applicable documents may be obtained from the District or, during the period of offering the Series 2006 Bonds, from the Underwriter.

[Remainder of Page Intentionally Blank]

FINANCING PLAN

Sources and Uses of Funds (exclusive of accrued interest)

Sources of Funds:	
Principal Amount of Series 2006 A Bonds	$3,665,000.00
Principal Amount of Series 2006 B Bonds	240,000.00
Transfer from 1996 D Bonds Debt Service Reserve Fund	331,093.76 (1)
Transfer from 1996 D Bonds Debt Service Fund	85,441.73
Original Issue Discount	(84.10)
Total Sources	$4,321,451.39
Uses of Funds:	
Deposit to Series 1996 D Bonds Sinking Fund	$3,847,813.85
Deposit to Series 2006 A and Series 2006 B Bonds Reserve Account	331,093.76 (1)
Underwriter's Discount	78,100.00
Costs of Issuance (2)	64,443.78
Total Uses	$4,321,451.39

(1) See "SECURITY FOR THE SERIES 2006 BONDS - Series 2006 A and Series 2006 B Bonds Reserve Account."
(2) Includes legal and financing fees, printing costs and other miscellaneous expenses relating to the issuance of the Series 2006 Bonds.

THE SERIES 2006 BONDS

General

The Series 2006 Bonds are dated and bear interest from October 1, 2006, upon original issuance. Any Series 2006 Bond issued in exchange on or subsequent to said first interest payment date will be dated as of the interest payment date next preceding the date of authentication thereof unless the date of authentication is an interest payment date on which interest on said Series 2006 Bond shall have been paid in full or duly provided for, in which case said Series 2006 Bond shall be dated such date of authentication; or unless, as shown by the records of the Registrar, as defined below, interest on such Series 2006 Bond shall be in default, in which case any Series 2006 Bond issued in exchange for a Series 2006 Bond surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full. The Series 2006 Bonds will bear interest from their date, payable semiannually on each April 1 and October 1, commencing October 1, 2006, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the cover page of this Official Statement.

The Series 2006 Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. The Series 2006 Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Series 2006 Bonds and payments of principal of, redemption price, if any, and interest on the Series 2006 Bonds will be made as described herein under "BOOK-ENTRY ONLY SYSTEM." If the book-entry system is discontinued, interest on the Series 2006 Bonds will be payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by the Registrar as of the 15th day of the month preceding such interest payment date or, in the event of a default in the payment of the Series 2006 Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date (the "Record Date"). If the book-entry system is discontinued, principal of, premium, if any, and interest on the Series

2006 Bonds will be payable to the owner thereof upon surrender thereof at the principal corporate trust department office of the Paying Agent.

So long as the Series 2006 Bonds are maintained under a book-entry system, transfers of ownership interests in the Series 2006 Bonds will be made as described herein under "BOOK--ENTRY ONLY SYSTEM." If the book-entry system is discontinued, ownership of any Series 2006 Bond may be transferred upon surrender thereof to the Registrar, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his duly authorized attorney or legal representative. Upon any such transfer of a Series 2006 Bond, there will be issued another Series 2006 Bond or Series 2006 Bonds, at the option of the transferee, of the same aggregate principal amount, series, maturity and interest rate as said Series 2006 Bond. For every exchange or transfer of Series 2006 Bonds, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The District shall pay any service charge of the Registrar and any applicable tax or other governmental charge.

Extraordinary Redemption

The Series 2006 Bonds shall also be subject to redemption if there should occur any damage to or destruction of the System or any condemnation of title to or the use of the System, the applicable Series 2006 Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

Optional Redemption

The Series 2006 Bonds maturing on and after October 1, 2012, are subject to redemption at the option of the District, prior to maturity, on or after April 1, 2012, in whole or in part at any time from amounts deposited with the Bond Commission by the District or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 2006 Bonds shall be called for optional redemption, the particular maturities of the Series 2006 Bonds to be redeemed shall be selected by the District in such manner, as it shall determine. So long as the Series 2006 Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Series 2006 Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM."

Sinking Fund Redemption

The Series 2006 A Bonds maturing October 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2006 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on October 1, 2022, and on each October 1 thereafter to and including October 1, 2025, in annual principal amounts as follows:

Year	Amount	Year	Amount
2022	$260,000	2024	$290,000
2023	270,000	2025*	50,000

The principal amount of Series 2006 A Bonds maturing October 1, 2025, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2006 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

*Stated maturity.

Notice of Redemption

So long as the Series 2006 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2006 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by first class mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2006 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2006 A Bond with respect to which no such failure has occurred. After notice of redemption has been given in the manner hereinabove and in the Resolution described and moneys necessary therefor have been deposited, the Series 2006 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter take any responsibility for the accuracy thereof.

The Depository Trust Company

1. The Depository Trust Company ("DTC"), New York, NY, will act as Series 2006 Bonds depository for the Series 2006 Bonds. The Series 2006 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 2006 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds

and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

3. Purchases of the Series 2006 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2006 Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2006 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2006 Bonds, except in the event that use of the book-entry system for the Series 2006 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2006 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2006 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2006 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2006 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or

regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2006 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2006 Bonds, such as redemptions, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Series 2006 Bonds may wish to ascertain that the nominee holding the Series 2006 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2006 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2006 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2006 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds on the Series 2006 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with the Series 2006 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2006 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bonds are required to be printed and delivered.

10. The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

SECURITY FOR THE SERIES 2006 BONDS

The Series 2006 Bonds are special obligations of the District and are payable as to principal, premium, if any, and interest solely from the sources described below. The District is under no obligation to pay the Series 2006 Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2006 Bonds shall be secured forthwith equally and ratably by a parity first lien on and pledge of the Net Revenues derived from the System and the funds on deposit in the Series 2006 A Bonds Sinking Fund and Series 2006 B Bonds Sinking Fund and the Series 2006 A and Series 2006 B Bonds Reserve Account, on parity with the First Lien Bonds and senior and prior to the Second Lien Bonds, as more fully described below under "ANNUAL DEBT SERVICE REQUIREMENTS." Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2006 Bonds and to make the payments into the Series 2006 A Bonds Sinking Fund and Series 2006 B Bonds Sinking Fund and all other payments provided for in the Resolution, and the funds in the Series 2006 A Bonds Sinking Fund and Series 2006 B Bonds Sinking Fund and the Series 2006 A and Series 2006 B Bonds Reserve Account are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Series 2006 Bonds as the same become due and for the other purposes provided in the Resolution.

Rate Covenant

The District has covenanted and agreed in the Resolution to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will produce for each fiscal year Net Revenues, as defined in the Resolution and hereinafter, equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Series 2006 Bonds and all other obligations secured by a lien on or payable from Net Revenues prior to or on parity with the First Lien Bonds.

Series 2006 A and Series 2006 B Bonds Reserve Account

The Series 1996 Bonds Reserve Account is invested in a guaranteed investment contract that matures on April 1, 2007, in the amount of $331,093.76. On that date, the securities will mature, and $317,232.50 of the proceeds thereof will be reinvested under the same terms of the existing investment contract and credited to the Series 2006 A and Series 2006 B Bonds Reserve Account.

The deposit of $317,232.50 into the Series 2006 A and Series 2006 B Bonds Reserve Account is equal to the lesser of (i) 10% of the original stated principal amount of the Series 2006 A Bonds and the Series 2006 B Bonds; (2) the maximum amount of principal and interest which will become due on the Series 2006 A Bonds and the Series 2006 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2006 A Bonds and the Series 2006 B Bonds. In the event funds in the Series 2006 A and Series 2006 B Revenue Funds are insufficient to pay the principal of and/or interest on the Series 2006

Bonds, the Bond Commission shall withdraw and transfer to the Series 2006 Bonds Sinking Funds sufficient amounts to make payments of principal of and/or interest on the Series 2006 Bonds as the same becomes due from cash on deposit in the Series 2006 A and Series 2006 B Bonds Reserve Account.

In the event of a transfer from the Series 2006 A and Series 2006 B Bonds Reserve Account to the Series 2006 Bonds Sinking Funds as aforesaid, the District shall restore the balance to the Series 2006 A and Series 2006 B Bonds Reserve Account in an amount up to the Series 2006 A and Series 2006 B Bonds Reserve Requirement. The transfer of any cash by the District from the Series 2006 A and Series 2006 B Bonds Reserve Account to the Series 2006 Bonds Sinking Funds shall be replenished over twelve (12) equal monthly payments.

The reimbursement obligation of the District will be secured by the Net Revenues derived from the System and the funds on deposit in the Renewal and Replacement Fund, provided however, that such lien will be subordinate to the payment of debt service to holders of the Series 2006 Bonds.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with Susquehanna Bank, Inwood, West Virginia, as the depository bank (the "Depository Bank"), for disposition in the following order of priority; first, for use by the District for the Operating Expenses of the System; second, remit to the Bond Commission the amounts required by the Prior Resolutions to pay the interest on and principal of the Prior Bonds; third, for monthly deposit in the Series 2006 Bonds Sinking Funds established with the Bond Commission, (i) of a sum equal to 1/6 of the amount of interest which will become due on the Series 2006 Bonds, on the next ensuing semiannual interest payment date (beginning April 1, 2007, with appropriate modification in the fraction of the amount of interest to be deposited monthly prior to the first interest payment date), and (ii) beginning thirteen months prior to the first principal payment date or mandatory redemption date, of a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2006 Bonds, and all other obligations secured by a lien on or payable from Net Revenues prior to or on parity with the First Lien Bonds, on the next ensuing principal payment date or mandatory redemption date; fourth for restoration of any deficiency in the funding of the Series 2006 A and Series 2006 B Bonds Reserve Account; fifth, for monthly transfer to the Renewal and Replacement Fund, beginning with the first month following delivery of the Series 2006 Bonds, of a sum equal to two and one-half percent (2 1/2%) of monthly Gross Revenues (excluding payments to the Series 2006 A and Series 2006 B Bond Reserve Account); and sixth, for the payment of principal of and interest on the Second Lien Bonds and all other obligations junior and subordinate to the First Lien Bonds. Excess moneys on deposit in the Revenue Fund in any given month may be used solely for the lawful purpose of the System.

Enforcement of Collections

The District covenants in the Resolution to diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals and other charges that

shall become delinquent to the full extent permitted or authorized by the Act, or otherwise by the laws of the State. The District further covenants and agrees in the Resolution that it will, subject to applicable State law and regulations, and under such reasonable rules and regulations as may be prescribed by the District, discontinue sewer services to all delinquent users, until such delinquent amounts, plus reasonable interest and penalty charges thereon, have been fully paid. (See "THE SYSTEM - Customer Statistics.")

Additional Parity Bonds

So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2006 Bonds pursuant to the Resolution, except 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 2006 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding any series of 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 an Independent Certified Public Accountant 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 the 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 District, the period for appeal of which has expired prior to the date of issuance of such additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

All covenants and other provisions of the Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The District shall comply fully with all the increased payments into the various funds and accounts created in the Resolution required for and on account of such Parity Bonds, in addition to the payments required for the Series 2006 Bonds issued pursuant to the Resolution.

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 2006 Bonds on such revenues. The District 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 2006 Bonds.

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

Future Projects/Future Obligations

In addition to the Series 2006 Bonds, the District anticipates issuing parity debt for one other project in the 2006 calendar year. The project is described as follows:

North Berkeley Sewer Project Phase I - This $28,626,500 sewer extension project will serve the Spring Mills, Hainsville, Bedington, Bessemer and Berkeley Station areas of Berkeley County. The District's current customer base and 1,647 new customers to be added as a result of the project will generate sufficient revenues to pay for the additional debt service without a rate increase. The District has secured forty year funding of $25,104,000 from the Rural Utilities Service for this project, which will be on a parity with the First Lien Bonds. To finance the remainder of the project, the District anticipates issuing additional parity bonds of approximately $3,522,500 in the public market.

The District also anticipates issuing bonds that are supported by Capital Improvement fees collected by the District. This debt is expected to have a second lien position on the District's net revenues. This project is described as follows:

Baker Heights/Inwood Project - The project will upgrade the Inwood and the Baker Heights wastewater treatment plants in Berkeley County. The improvements will consist of (1) expanding the treatment capacity of the Inwood plant from 750,000 gallons per day (gpd) to 1.5 million gpd with structural appurtenances to accommodate future expansion to 2.25 million gpd; and (2) expanding the Baker Heights plant from 900,000 gpd to 1.8 million gpd with structural appurtenances to accommodate future expansion to 2.7 million gpd. The District will utilize its Capital Improvement Fund to make debt service payments for this project, along with surplus net revenues of the District. The District anticipates issuing bonds of approximately $18,000,000 in the public market for this project.

THE SYSTEM

The District is a public corporation created under authority of The County Commission of Berkeley County, West Virginia, on April 10, 1979, pursuant to Chapter 16, Article 13A, Section 2 of the Code of West Virginia of 1931, as amended. The District's Board of Directors is composed of three members appointed by the Berkeley County Commission. The District is responsible for providing sewerage services for all of Berkeley County. The District serves approximately 14,772 residential and 554 commercial customers.

System Wide Capacity

	Rated Average Daily	Rated Peak Demand	Actual Average Daily	Actual Peak Demand
O/H WWTP	1.6 MGD	4.8 MGD	0.7 MGD	>3.0 MGD
B/H WWTP	.9 MGD	2.7 MGD	.7 MGD	2.5 MGD
Upgrade (2007)	2.7 MGD	9.0 MGD		
Inwood WWTP	.75 MGD	2.25 MGD	.6 MGD	1.675 MGD
Upgrade (2007)	2.25 MGD	7.0 MGD		
Spring Mills WWTP	.2 MGD	.4 MGD	0.11 MGD	0.2 MGD
Upgrade (2007)	1.0 MGD	3.0 MGD		
13 Various Sized Package Plants	Flow Range .01-.05 MGD			

Customer Background

Customer Count by Type

Fiscal Year	Residential	Commercial
2000	5,733	449
2001	6,199	471
2002	8,214	506
2003	9,274	520
2004	11,612	570
2005	14,772	554

Major Users

Top Ten Customers measured by volume and as percent of total volume
March 2005 thru February 2006
Volume Billed – 1,002,062,206 gallons

	Volume	% of Volume to Total
Quad Graphics	132,305,458	13%
Guardian Fiberglass	35,788,800	4%
Internal Revenue Service Center	7,835,505	1%
VA Medical Center	40,152,000	4%
Quebecor Printing	8,742,800	1%
LCS Landfill	7,000,600	1%
Berkeley County Schools	13,487,700	1%
BMA of Martinsburg	2,528,000	1%
Berkeley Care Haven	2,936,000	1%
Berkeley Garden Apartments	10,905,800	1%

Top Ten Customers measured by dollars and as a percent of total revenue
March 2005 thru February 2006
Dollars Billed - $9,416,701

	Dollars	% Total Revenue
Quad Graphics	1,005,521	11%
Guardian Fiberglass	272,079	3%
Internal Revenue Service Center	59,459	1%
VA Medical Center	305,250	3%
Quebecor Printing	67,257	1%
LCS Landfill	53,307	1%
Berkeley County Schools	102,507	1%
BMA of Martinsburg	19,306	1%
Berkeley Care Haven	22,408	1%
Berkeley Garden Apartments	88,418	1%

RATE INCREASE HISTORY:

	Volumetric	Service Charge
February 1999	$ 5.40	$ 5.62
May 1999	$ 6.74	$ 7.01
August 2004	$ 7.60	$ 7.90

District Personnel

The District employs a total of 61 full-time employees. The senior managers of the district include: Curtis B. Keller, General Manager, with 12 years of experience; Gene DeLawder, Fiscal Officer, with 10 years of experience; Clifton Browning, Chief of Plant Operations, with 5 years of experience; John Wood, Chief of Construction, with 7 years of experience; George Sabine, Chief of Maintenance, with 1 year of experience; Regina Keller, Human Resources Director, with 4 years of experience; and William Rohrbaugh, General Counsel, with 6 years of experience.

Rates

The Public Service Commission of West Virginia (the "Commission") approved the current schedule of sewer rates and charges issued August 1, 2006, and effective for service rendered on or after July 19, 2006, in Case No. 06-0630-PSD-T. The provisions of the tariff on file with the PSC are as follows:

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 and sale for resale sewer 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 with Berkeley County Public Service Sewer District, a disconnection fee of $20.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $20.00 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 with Berkeley County Public Service Sewer District, is reconnected, a reconnection fee of $20.00 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.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

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:

$$S = A \times R \times .0006233 \times C$$

$S = A \times R \times .0006233 \times C$

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.

APPROVED CAPACITY IMPROVEMENT FEES (CIFs)
APPLICABLE TO DEVELOPERS ONLY

Meter Size	Factor	CIF
5/8 inch	1	$ 1,581.00
3/4 inch	1.1	1,739.00
1 inch	1.4	2,213.00
1 - 1/2 inch	1.8	2,845.00
2 inch Standard	2.9	4,584.00
2 inch Compound	2.5	3,952.00
3 inch Standard	11	17,388.00
3 inch Compound	16	25,291.00
4 inch Standard	14	22,130.00
4 inch Compound	25	39,517.00
6 inch Standard	21	33,194.00
6 inch Compound	50	79,034.00
8 inch Standard	29	45,840.00
8 inch Compound	80	126,455.00

Meters in excess of 8 inches will be individually evaluated.

CIFs are due as of the date of the final sewer availability letter issued by the Berkeley County Public Service Sewer District.

The following property owners are exempt from payment of the CIF - owners of existing or new (being constructed) single-family structures, where the person applying for service will be the customer of record, and the proposed service location is not part of a larger land tract under development, or a subdivided portion of a larger tract that was previously subdivided for commercial or residential development, for profit.

APPLICABILITY

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

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service and sale for resale sewer 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
All 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

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

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.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Berkeley County Public Service Sewer District, a disconnection fee of $20.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $20.00 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 with Berkeley County Public Service Sewer District, is reconnected, a reconnection fee of $20.00 shall be charged.

DELAYED PAYMENT PENALTY

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

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.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

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:

$$S = A \times R \times .0006233 \times C$$

S = A x R x .0006233 x 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.

Billing and Collections

The District renders a monthly bill to all customers of the System. Payments are due 20 days after the billing date. If a bill remains unpaid beyond the due date, a 10% penalty is added to the delinquent account and delinquency procedures are initiated, including the mailing of termination notices and termination of service 30 days after the initial due date. Service on a delinquent account remains terminated until payment of the account is made. A reconnection charge of $15.00 is required to reinstate a previously delinquent account.

Comparable Rates

Jefferson County Public Service District	$51.75 per month/4,500 gallons
Shenandoah Junction Public Service District	$42.26 per month/4,500 gallons
City of Charles Town	$51.75 per month/4,500 gallons
City of Martinsburg	$27.23 per month/4,500 gallons
Warm Springs Public Service District	$34.37 per month/4,500 gallons
Washington County, Maryland	$72.20 per quarter/6,000 gallons
Loudon County, Virginia	$15.54 per month/6,000 gallons

Allowance for Uncollectibles

The District uses the specific write-off method in recording uncollectible accounts, which does not result in amounts that differ materially from the allowance method required by generally accepted accounting principles. Since bad debt has historically not been material, no allowance for uncollectible accounts has been provided.

System Budget

The District prepares a draft budget for its operations. The District's budget is compiled from the draft budget and submitted to the Public Service Board on or before June 30 of each

year. The budget is required by statute to indicate operating expenditures and capital expenditures proposed for the ensuing fiscal year and the method of financing such expenditures. The total of proposed expenditures may not exceed the total of estimated income. Upon adoption of the budget, a copy shall be provided to the County Commission. No payments may be made in excess of the budget unless unanimously authorized and directed by the Public Service Board. Separate accounting records are kept by the District and reviewed by the District's accountant each year.

Method of Accounting

The District maintains its accounts pertaining to the system on an accrual basis and in accordance with the guidelines of the West Virginia Public Service Commission. The records of the District for the fiscal years ended June 30 of each of the past three years have been audited and are available for public inspection at the District office.

[Remainder of Page Intentionally Blank]

Detailed Coverage Calculation

	Actual FY 6/30/05	Draft Audit FY 6/30/06
Operating Revenues		
Flat Rate Sewer	$ 632,133	$ -
Residential Meter	5,129,149	9,448,009
Commercial	2,697,117	-
Customer Penalties	150,119	-
Miscellaneous	124,408	203,953
Developers Subsidy	169,949	156,283
Total Operating Revenues	**$ 8,902,875**	**$ 9,808,245**
Operating Expenses		
Construction/Collections	$ 549,459	$ 577,426
Pumping System	556,051	715,115
Treatment Plants	1,112,404	1,330,354
Billing & Collection	254,492	304,534
Administrative	1,485,210	1,813,582
Total Operating Expenses	**$ 3,957,616**	**$ 4,741,011**
Operating Income before Depreciation	**$ 4,945,259**	**$ 5,067,234**
Depreciation	$ 3,522,505	$ 3,589,983
Operating Income	**$ 1,422,754**	**$ 1,477,251**
Non-Operating Rev & Expenses		
Interest Income	$ 64,516	$ 239,669
Bond Administration Fees (MBC)	(184,614)	(222,472)
Interest Expense	(679,466)	(715,564)
Amortization of Bond Discount & Expense	(47,184)	(47,184)
Net non-operating (expense)	**$ (846,748)**	**$ (745,551)**
Net Income Before Capital Contributions	**$ 576,006**	**$ 731,700**
Debt Service:		
Bonds - Annual Debt Service	**$ 3,324,591**	**$ 3,877,936**
Notes - Annual Debt Service	**$ 416,557**	**$ 466,331**
Income to Debt Ratio	**128%**	**116%**
RESTRICTED Capital Improvement Funds:*		
CIF Collections	**$ 1,458,612**	**$ 2,334,662**
CIF Debt Service Requirements	**$ -**	**$ -**

*Capital Improvement Funds, that are derived from capital improvement fees, will be used to support specific PSC-approved improvement projects.

Pension Plan

The District is a participant in the West Virginia Public Employees Retirement System (WVPERS), which is a defined benefit, cost-sharing multiple-employer pension plan. The pension plan covers all the District's employees whose tenure is not temporary or provisional. Members' rights to employee contributions vest immediately while members with one year or more contributing service and five years or more credited service shall be eligible to retire at age 60. Contributions to the WVPERS by the District are 10.5% of eligible employees' compensation. In addition, the District withholds 4.5% of the eligible employee's compensation and remits the withholding on a monthly basis to the WVPERS. The District's contribution requirement was not actuarially determined. Contribution obligations and benefit provisions are established pursuant to the West Virginia Public Employees Retirement Act. The employer contributions for the years ended June 30, 2005 and 2004, were $167,298 and $170,193, respectively, representing 10.5% of the year's covered payroll. The employee contributions for the years ended June 30, 2005 and 2004, were $71,699 and $72,940, respectively, representing 4.5% of the year's covered payroll. Total covered payroll for the years ended June 30, 2005 and 2004 were $1,593,317 and $1,620,881, respectively.

Information regarding benefit provisions, actuarial assumptions and funding method, pension benefit obligations (actuarial present value of credit projected benefits), net assets available for benefits, historical trends, and related party transactions are not readily available since such determinations are made and information is kept on a system-wide basis and not for the individual participating entities. This information is available in the separately issued financial statements of the WVPERS at Capitol Complex, Building 5, Room 1000, 1900 Kanawha Boulevard, East, Charleston, West Virginia 25305.

The District provides a §401(a) plan for employees with the §457 Governmental employer deferred compensation match. Employees are eligible to participate in the plans upon hire, and after 6 months of service, they are eligible to receive up to a 5% match on their contributions. Participants vest after one year. For the §401(a) Plan, employees may contribute the lesser of 25% of their compensation or $30,000. For the §457 Plan, both employee deferrals and employer contributions are aggregated for purposes of the maximum annual limit of the lesser of $8,000 or 25% of compensation.

The employer contributions for the years ended June 30, 2005 and 2004, were $52,635 and $55,167, respectively. The employee contributions for the years ended June 30, 2005 and 2004, were $57,901 and $63,474, respectively. Total covered payroll for the years ended June 30, 2005 and 2004 was $1,381,146 and $1,620,881, respectively.

Public Service Sewer District Authority and Board Membership

(1) Only the county commission has the affirmative authority to create, enlarge or reduce a Public Service Sewer District;

(2) The county commission may, on its own motion or on the basis of a proper petition, enter an order creating, enlarging or reducing a Public Service Sewer District, which such action and order are subject to a hearing requiring proper notice, and a formal protest and public referendum depending upon the number of qualified voters who protest such action.

From and after the date of adoption of the order creating any Public Service Sewer District, it becomes public corporation and political subdivision of the state, but lacks any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, be sued, adopt an official seal and enter into contracts necessary or incidental to its purposed, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing sewage disposal service of the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein of a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each Public Service Sewer District shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district, who possess certain educational, business or work experience which will be conducive to operating a Public Service Sewer District.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly.

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district form the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of a district.

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each year the amounts payable from Net Revenues as principal of and interest on the Prior Bonds and the Series 2006 Bonds.

DATE	First Lien Debt	Second Lien Debt	Series 2006A & 2006B Bonds	Total
06-30-2007	3,710,911	2,300	84,020	3,797,231
06-30-2008	3,710,913	2,300	241,615	3,954,828
06-30-2009	3,710,908	2,300	307,435	4,020,643
06-30-2010	3,710,907	2,300	311,696	4,024,903
06-30-2011	3,710,905	2,300	310,593	4,023,797
06-30-2012	3,710,906	2,300	314,115	4,027,321
06-30-2013	3,710,901	2,300	307,358	4,020,558
06-30-2014	3,710,899	2,300	310,313	4,023,511
06-30-2015	3,620,717	2,300	312,773	3,935,790
06-30-2016	3,480,306	2,300	309,831	3,792,437
06-30-2017	3,166,209	2,300	311,480	3,479,989
06-30-2018	3,060,211	2,300	307,713	3,370,223
06-30-2019	3,022,271	2,300	308,520	3,333,091
06-30-2020	2,984,333	2,300	308,788	3,295,421
06-30-2021	2,978,683	2,300	308,505	3,289,488
06-30-2022	2,961,746	2,300	307,600	3,271,646
06-30-2023	2,961,743	2,300	305,930	3,269,973
06-30-2024	2,961,742	2,300	303,608	3,267,649
06-30-2025	2,911,873	2,300	310,588	3,224,760
06-30-2026	2,842,594	2,300	296,923	3,141,817
06-30-2027	2,842,590	2,300	-	2,844,890
06-30-2028	2,842,588	2,300	-	2,844,888
06-30-2029	2,836,842	2,108	-	2,838,950
06-30-2030	2,217,256	-	-	2,217,256
06-30-2031	1,629,241	-	-	1,629,241
06-30-2032	1,545,270	-	-	1,545,270
06-30-2033	1,491,655	-	-	1,491,655
06-30-2034	1,466,156	-	-	1,466,156
06-30-2035	597,510	-	-	597,510
06-30-2036	426,197	-	-	426,197
06-30-2037	426,190	-	-	426,190
06-30-2038	426,182	-	-	426,182
06-30-2039	426,174	-	-	426,174
06-30-2040	148,571	-	-	148,571
06-30-2041	60,328	-	-	60,328
06-30-2042	6,165	-	-	6,165
Total	86,028,595	52,705	5,879,400	91,960,699

Five Year Historic Coverage Ratio

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Operating Income:	818,786	1,432,136	535,613	2,617	1,422,754
Add back:					
Depreciation	1,232,993	2,046,039	2,340,967	3,484,070	3,522,505
Amortization of Bond Discount	(42,321)	(43,471)	(45,946)	(46,812)	(47,184)
Bond Administration Fees	-	-	-	-	(184,614)
Interest Income	154,497	92,844	86,274	26,740	64,516
	1,345,169	2,095,412	2,381,295	3,463,998	3,355,223
Cash Available for Debt Service	2,163,955	3,527,548	2,916,908	3,466,615	4,777,977
Debt Service	1,466,844	3,037,419	2,497,385	2,690,853	3,741,148
Coverage Ratio	1.48	1.16	1.17	1.29	1.28

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. The summary does not purport to be a comprehensive statement of the terms and provisions thereof, for which reference is made to the complete text of the Resolution, copies of which may be obtained from the Underwriter.

Application of Series 2006 Bond Proceeds

Upon the issuance and delivery of the Series 2006 Bonds, the District shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2006 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2006 Bonds Sinking Funds and applied to payment of interest on the Series 2006 Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2006 Bonds which, together with other monies or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Refunded Bonds shall be deposited in the Series 1996 D Bonds Sinking Fund and disbursed as provided in the Resolution.

3. A portion of the proceeds of the Series 2006 Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2006 A and Series 2006 B Bonds Reserve Account, provided that, to the extent the Series 2006 Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2006 Bonds shall be deposited in the Series 2006 A and Series 2006 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2006 Bonds Reserve Requirement.

4. An amount of the proceeds of the Series 2006 Bonds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2006 Bonds shall be deposited with the Depository Bank in the Series 2006 Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the District solely to pay costs of issuance of the Series 2006 Bonds at the written direction of the District. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with the Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months following the Closing Date for the Series 2006 Bonds, such unapplied proceeds shall be transferred by the District to the Series 2006 Bonds Redemption Accounts established in Section 4.02 of the Resolution and applied in the manner set forth therein. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2006 Bonds from which such proceeds are derived.

5. The Debt Service Reserve Fund for the Refunded Bonds is invested in an existing guaranteed investment contract. Since the Series 2006 Bonds Reserve Requirement is less than the Refunded Bonds Reserve Requirement, the amount on deposit in the existing guaranteed investment contract can be reduced. The holder of the existing guaranteed investment contract, Lehman Brothers Special Financing Inc., requires the payment of a "settlement amount" of $7,120.00. The settlement fee will be paid at closing.

6. The balance of any proceeds of the Series 2006 Bonds and any monies in any fund or account established for the Refunded Bonds pursuant to the resolution authorizing the issuance thereof, not used for any of the purposes set forth above, may be deposited in the Series 2006 Bonds Sinking Funds and used to make payments of debt service on the Series 2006 Bonds.

Application of System Revenues

The Gross Revenues derived from the operation of the System and all parts thereof are to be deposited in the Revenue Fund established with the Depository Bank.

System Revenues; Flow of Funds

The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolution and shall be kept separate and distinct from all other funds of the District and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) The District shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay interest on the First Lien Bonds; (ii) commencing 6 months prior to the first interest payment date on the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2006 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2006 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2006 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2006 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2006 A Bonds Sinking Fund; and (iii) commencing 6 months prior to the first interest payment date on the Series 2006 B Bonds, for deposit in the Series 2006 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2006 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 B Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2006 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2006 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2006 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2006 B Bonds Sinking Fund.

(3) The District shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay the principal of the First Lien Bonds; (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, and in the Series 2006 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2006 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the

required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2006 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph; and (iii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2006 B Bonds, for deposit in the Series 2006 B Bonds Sinking Fund, and in the Series 2006 B Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2006 B Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 B Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2006 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The District shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to fund the respective reserves requirements for the First Lien Bonds; and (ii) for deposit in the Series 2006 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2006 Bonds Reserve Account below the Series 2006 Bonds Reserve Requirement or any withdrawal from the Series 2006 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2006 Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2006 Bonds Reserve Account is less than the Series 2006 Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2006 Bonds Reserve Account for deposit into the Series 2006 A and Series 2006 B Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2006 Bonds Reserve Account to an amount equal to the Series 2006 Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2006 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2006 Bonds Reserve Requirement.

(5) The District shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the District or of the Depository Bank and shall be invested and reinvested in accordance with Article V 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 District shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Sinking Fund for the Second Lien Bonds the amount required under the Prior Resolutions to pay principal of the Second Lien Bonds.

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

Any funds remaining after payment of the amounts into the accounts set forth herein shall constitute Surplus Revenues and may be used for any lawful purpose of the System.

Revenues shall be used solely for the purposes of the System.

Investments

The District shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by the Resolution in Qualified Investments to the fullest extent possible under applicable laws, the Resolution, the need for such moneys for the purposes set forth therein and the specific restrictions and provisions set forth in the Resolution.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The District 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 District may make any and all investments permitted by the Resolution through the trust department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under the Resolution:

(A) Qualified Investments acquired for the Series 2006 Bonds Reserve Accounts shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The District shall, or shall cause the Bond Commission to semiannually transfer from the Series 2006 Bonds Reserve Accounts to the Series 2006 Bonds Sinking Funds, any earnings on the moneys deposited therein and any other funds in excess of the Series 2006 A Bonds Reserve Requirement; provided, however, that there shall at all times remain on deposit in the Series 2006 Bonds Reserve Accounts an amount at least equal to the Series 2006 A Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2006 Bonds Reserve Accounts, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2006 Bonds Reserve Accounts shall, at any time, be less than the Series 2006 A Bonds Reserve Requirement, such deficiency shall be made up from the first available Net Revenues after required deposits to the Series 2006 Bonds Sinking Funds and otherwise in accordance with Section 4.03 of the Resolution.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2006 Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in the Series 2006 Bonds Sinking Funds may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Treasury Board pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended.

General Covenants

Enforcement of Collections. The District has covenanted to diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that become delinquent to the full extent permitted or authorized by State law. The District will shut off and discontinue the supplying of sewer service for the nonpayment of the rates or charges for said sewer service to the full extent permitted or authorized by State law.

Operation and Maintenance. The District will operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

Sale of the System. So long as the Prior Bonds are outstanding, the District shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. So long as the Series 2006 Bonds are outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by the Resolution as provided by Section 6.06. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Series 2006 Bonds Sinking Fund, and otherwise as prescribed by Section 6.06 of the Resolution. Any balance remaining after such defeasance shall be remitted to the District by the Bond Commission unless necessary for the payment of other obligations of the District payable out of the Revenues of the System.

The foregoing provision notwithstanding, the District 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 is not in excess of $50,000, the District 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 the District 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 shall be in excess of $50,000 but not in excess of $100,000, the District shall first, determine upon consultation with its 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, approve and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of the Resolution.

No sale, lease or other disposition of the properties of the System shall be made by the District if the proceeds to be derived therefrom shall be in excess of $100,000 and insufficient to defease the pledge created by the Resolution, as provided by Section 6.06 of the Resolution, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 50% in amount of Bonds then Outstanding. The District 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.

Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The District shall not issue any other obligations whatsoever payable from the Revenues of the System, which rank prior to, or equally, as to lien on and source of and security for payment from the Revenues with the Series 2006 Bonds and the First Lien Bonds, provided that additional bonds on parity with the Series 2006 Bonds and the First Lien Bonds may be issued as provided in the Resolution. See "SECURITY FOR THE SERIES 2006 BONDS-Additional Parity Bonds." All obligations issued by the District 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 Revenues and in all other respects, to the Series 2006 Bonds and the First Lien 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 District shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to additional parity bonds, being on parity with the lien of the Series 2006 Bonds and the First Lien Bonds, and the interest thereon, if any, upon any of the income and Revenues of the System pledged for payment of the Series 2006 Bonds and the interest thereon in the Resolution, or upon the System or any part thereof.

Insurance. The District has covenanted and agreed, that so long as the Series 2006 Bonds and Prior Bonds remain Outstanding, the District will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. 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. 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 and destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the District 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 District from claims arising out of operation or ownership of motor vehicles of or for the System.

C. WORKERS' COMPENSATION COVERAGE for all employees of or for the System eligible therefor.

D. 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 District.

E. BUSINESS INTERUPTION INSURANCE, to the extent available at reasonable cost to the District.

F. FIDELITY BONDS will be provided as to every officer and employee of the District 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.

No Free Services. The District will not render or cause to be rendered any free services of any nature by its System, nor will any preferential rates be established for users of the same class; and, in the event the District or any department, agency, instrumentality, officer or employee of the District shall avail himself 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 District 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 the operation of the System.

No Competing Franchise. To the extent legally allowable, the District 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.

Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and any registered owner of the Series 2006 Bonds shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the District relating thereto.

The District shall file with the Original Purchaser, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The District shall also file with the Original Purchaser, and mail to any Bondholder requesting the same, an annual report containing the following:

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

(B) A statement of account balances in all funds and accounts provided for herein and status of said funds.

The District shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Certified Public Accountant in compliance with OMB Circular 128 or any successor thereto and the Single Audit Act, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to the Resolution and shall file said report with the Original Purchaser.

Restrictions as to Arbitrage Bonds. The District shall not permit at any time or times any of the proceeds of the Series 2006 Bonds or any other funds of the District to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any bond to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986, as amended, and any regulations thereunder, and an authorized officer of the District shall deliver his certificate, based upon this covenant, with regard thereto to the Underwriter.

Operating Budget. The Public Service Board shall annually, at least 45 days prior to the beginning of each fiscal year, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year. No expenditures for the operation and maintenance of the System shall be made in any fiscal year in excess of 10% of the amount of such annual budget shall be made in any Fiscal Year without a written certification by a registered professional engineer which shall state in detail the purpose of such increased expenditures and that such increased expenditures are necessary for the operation and maintenance of the System, and no such increased expenditures shall be made until the District shall have approved such finding and recommendation by a resolution duly adopted by the Public Service Board. The District shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and resolutions to the Original Purchaser and to

any registered owner of the Series 2006 Bonds or anyone acting for and in behalf of such registered owner who requests the same.

Amendment. No materially adverse modification or amendment to the Resolution or any supplemental resolution may be made without the written consents of the registered owners of sixty percent in aggregate principal amount of the Series 2006 Bonds then outstanding, provided that no modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the registered owner thereof. No amendment or modification shall be made that would reduce the percentage of Bonds required for consent to any such amendment or modification.

Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the registered owners of all Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the respective pledges of the Revenues and other moneys and securities pledged under the Resolution, and all covenants, agreements and other obligations of the District on behalf of the registered owners of the Series 2006 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2006 Bonds from gross income for federal income tax purposes.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due will provide moneys which, together with the moneys, if any, deposited with the paying agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All Bonds shall, prior to the maturity thereof, be deemed to have been paid if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time, shall be sufficient to pay when due the principal of and interest due and to become due on the Series 2006 Bonds on and prior to the maturity dates thereof. Neither securities nor moneys so deposited with the Bond Commission or an escrow trustee nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the respective principal of and interest on the Series 2006 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and interest to become due on the Series 2006 Bonds on and prior to such maturity or redemption dates thereof, and interest earned from such reinvestments shall be paid over to the District as received by the Bond Commission or said escrow trustee free and clear of any trust, lien or pledge. With respect to defeasance, the term securities includes only Government Obligations.

Default and Remedies

Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2006 Bonds:

A. If default occurs in the due and punctual payment of the principal of or interest on any Bonds;

B. If default occurs in the District's observance of any of the covenants, agreements or conditions on its part in the Resolution or any supplemental resolution or in the Series 2006 Bonds, and such default shall have continued for a period of thirty (30) days after the District shall have been given written notice of such default, requiring the same to be remedied, by any registered owner of the Series 2006 Bonds;

C. If the District files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

D. If default occurs with respect to the any of the Prior Bonds or the Prior Resolutions.

Enforcement. Upon the happening and continuance of any Event of Default, any registered owner of the Series 2006 Bonds 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 proceedings enforce all rights of the registered owners of the Series 2006 Bonds, including the right to require the District to perform its duties under the Act and the Resolution; (iii) bring suit upon the Series 2006 Bonds; (iv) by action at law or bill in equity require the District to account as if it were the trustee of an express trust for the registered owners of the Series 2006 Bonds; and (v) by action or bill in equity enjoin any acts in violation of the Resolution or the rights of the registered owners of the Series 2006 Bonds.

Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder 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 on behalf of the District, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of the Resolution and the Act.

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

Whenever all that is due upon the Series 2006 Bonds and interest thereon and under any covenants of the Resolution 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 the Resolution shall have been cured and made good, possession of the System shall be surrendered to the District upon the entry of an order of the court to that effect. Upon any subsequent default, any registered owner of the Series 2006 Bonds shall have the same right to secure the further appointment of a receiver.

Such receiver, in the performance of the powers hereinabove conferred upon him, 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 contained in the Resolution 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 in the Resolution.

Any receiver appointed as provided in the Resolution shall hold and operate the System in the name of the District and for the joint protection and benefit of the District and registered owners of the Series 2006 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 possession, operation and maintenance of the System for the sole purpose of the protection of both the District and registered owners of the Bond, and the curing and making good of any default under the provisions of the Resolution, and the title to and ownership of the System shall remain in the District, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

TAX MATTERS

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2006 Bonds (i) is excludable from gross income of the holders thereof for Federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, interest paid to corporate holders of the Series 2006 Bonds may be indirectly subject to alternative minimum tax under certain circumstances, and (iii) under the existing current laws of the State of West Virginia, the Series 2006 Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2006 Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

Pursuant to Section 265(b)(3)(D)(ii) of the Code, the Series 2006 A Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as long as the Series 2006 A Bonds and the issue of which they are a part satisfy the following requirements: (1) the Series 2006 A Bonds are issued to currently refund the Series 1996 D Bonds which were designated at the time of their issuance as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code; (2) the amount of the

Series 2006 A Bonds does not exceed the outstanding amount of the Series 1996 D Bonds being refunded; (3) the average maturity date of the Series 2006 A Bonds is not later than the average maturity date of the bonds being refunded by the issue of which the Series 2006 A Bonds are a part; (4) the Series 2006 A Bonds have a maturity date which is not later than the date which is 30 years after the Series 1996 D Bonds were issued; and (5) the aggregate face amount of the issue of which the Series 2006 A Bonds are a part does not exceed $10,000,000. Therefore, the Series 2006 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or carry most tax-exempt obligations does not apply to the Series 2006 A Bonds. Accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Series 2006 A Bonds is deductible for federal income tax purposes.

The opinions described above are subject to the condition that the District complies on a continuing basis with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2006 Bonds for interest thereon to be or continue to be excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2006 Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation retroactively to the date of issuance of the Series 2006 Bonds.

The accrual or receipt of the interest on the Series 2006 Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these and other consequences will depend upon the recipient's particular tax status or other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences, and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Series 2006 Bonds.

As shown on the inside cover page of this Official Statement, the initial public offering price of the Series 2006 A Bond maturing on October 1, 2008 (the "Discount Bond"), is less than the amount payable on such Discount Bond at maturity. The difference between the initial public offering price at which such Discount Bond was sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of any original Holder of a Discount Bond, the amount of the OID which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the Holder in determining, for Federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity).

Interest in the form of OID is treated as compounding semiannually on days which are determined by reference to the maturity date of the Discount Bond. The amount of OID, which is treated as having accrued in respect of a Discount Bond for any particular semiannual compounding period, is equal to the difference between the product of (a) one-half of the yield for the Discount Bond (adjusted as necessary for an initial short period) and (b) the tax basis of the Discount Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the OID that is treated as having accrued during all prior semiannual compounding periods. If a Discount Bond is sold or otherwise disposed of between semiannual

compounding dates, the OID that would have accrued for that semiannual compounding period for Federal income tax purposes is to be apportioned in equal amount among the days in such compounding period. Holders of a Discount Bond should consult their own tax advisors with respect to the determination for Federal income tax purposes of OID accrued upon sale or redemption of such Discount Bond, and with respect to the state and local tax consequences of owning such Discount Bond.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Series 2006 Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. William F. Rohrbaugh, Martinsburg, West Virginia, Counsel for the District, will pass upon certain legal matters for the District, including proceedings regarding the Public Service Commission of West Virginia. Goodwin & Goodwin, LLP, Charleston, West Virginia, as Counsel to the Underwriter, will pass upon certain legal matters for the Underwriter.

ABSENCE OF MATERIAL LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the District, threatened or affecting the District (or, to the District's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the District's financial position or on the validity of the Series 2006 Bonds, the Resolution or any agreement to which the District is a party and which is a part of the issuance of the Series 2006 Bonds.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the Series 2006 Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See "THE SERIES 2006 BONDS - General."

UNDERWRITING

The Underwriter named on the cover of this Official Statement is purchasing the Series 2006 Bonds. The Purchase Contract provides that the Underwriter will purchase all the Series 2006 Bonds, if any are purchased, at a purchase price equal to the initial public offering prices set forth on the cover page hereof less an Underwriter's discount of $78,100 plus accrued interest. The obligation to make such purchase is subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The Underwriter may change the initial public offering prices from time to time. The Underwriter may offer and sell Series 2006 Bonds to certain dealers (including dealers depositing Series 2006 Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof.

FINANCIAL STATEMENTS

Included herein as Appendix B are the audited financial statements of the District as of and for the fiscal year ended June 30, 2005, and the report with respect to the audited financial statements as of and for the fiscal year ended June 30, 2005, except for the first paragraph in Note 11 as to which the date is October 14, 2005, dated July 26, 2005, of Yount, Hyde & Barbour, P.C., Certified Public Accountants.

CONTINUING DISCLOSURE

The District has agreed in the Resolution to execute and deliver contemporaneously with the issuance of the Series 2006 Bonds a certificate or agreement to undertake for the benefit of the Registered Owners of the Series 2006 Bonds to provide certain financial and operating information of the System (the "Annual Information") not later than one hundred fifty (150) days following the end of the fiscal year of the Authority, commencing in 2007, and to provide the Annual Information to each National Recognized Municipal Securities Information Repository ("National Repository") and any State Information Depository ("State Depository") and to provide notice of the occurrence of the enumerated events to each National Repository or the Municipal Securities Rulemaking Board ("MSRB") and to any State Depository.

This continuing disclosure obligation is being undertaken by the District to assist the Underwriter in complying with Rule 15c2-12 promulgated by the SEC. The District has agreed to give notice in a timely manner to each National Repository, or the MSRB, and to each State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2006 Bonds. Registered Owners may contact the District's General Manager at P.O. Box 944, Martinsburg, West Virginia 25401, (304) 263-8566, for more information.

RATING

Standard & Poor's Ratings Group ("Standard & Poor's") has assigned a rating of "BBB" to the Series 2006 Bonds. Any desired explanation of the significance of such rating should be obtained from Standard & Poor's. There is no assurance that a particular rating will continue for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any downward revision or withdrawal of any such rating could have an adverse effect on the market price of the Series 2006 Bonds.

MISCELLANEOUS

The foregoing summaries, explanations and quotations do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. Purchasers are referred to the Act and the Resolution for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the District and the

purchasers or owners of any of the Series 2006 Bonds. The District has authorized the execution and distribution of this Official Statement.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

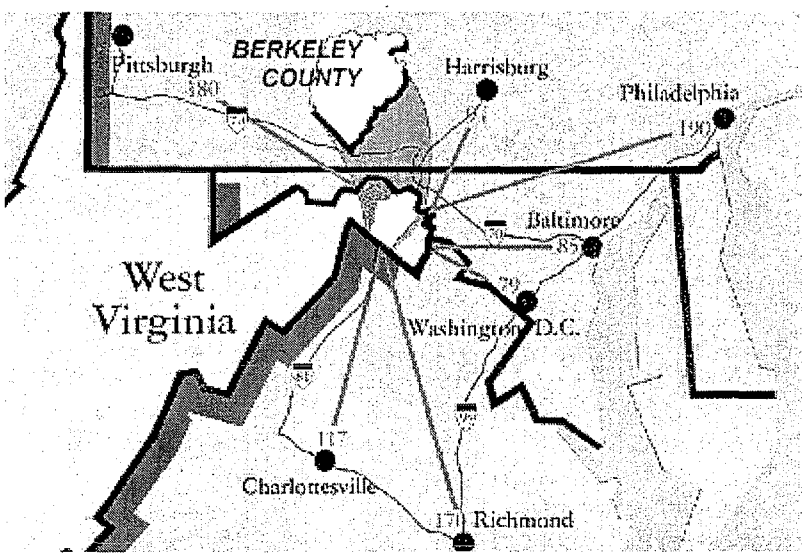
By: /s/ John C. Kunkle
Chairman

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING BERKELEY COUNTY, WEST VIRGINIA

The Eastern Panhandle of West Virginia is the home of Berkeley County. It is located partly in the Great Appalachian Valley. It is bounded on the northeast by the Potomac River. Dairy products, livestock, and fruit farms make up some of the economic base of the County. There also is some limestone quarrying. The area is home to a diverse manufacturing and industrial base as well.



Nearby Metropolitan Cities Distance (miles)

Washington, DC:	79 miles
Baltimore, MD:	85 miles
Harrisburg, PA:	93 miles

Berkeley County was one of the first settled areas of the State of West Virginia. Quakers and Scotch-Irish Presbyterians, as well as the English and Dutch, became the residents here in the early 1700's. Berkeley County was formed from Frederick County, Virginia, in 1772 and is named for Lord Norborne Berkeley. The County seat was established in the colonial village of Martinsburg, named for Thomas Bryan Martin and was incorporated in 1778.

The arrival of B&O Railroad in the 1840's gave Martinsburg and Berkeley County a big boost. In 1872 the Pennsylvania Railroad came to the area, and it, along with the B&O Railroad, gave the area an excellent transportation base. At the time, a major source of the area's income came from selling flour produced by the area's water-powered mills to the Alexandria and Baltimore markets. Electricity, replacing waterpower, soon followed and the area became a large textile-milling center.

In the fall of 1992, the U.S. Census Bureau established Berkeley County as part of the Washington, D.C./Baltimore, Maryland Standard Metropolitan Statistical Area (SMSA). It is the proximity to this metropolitan area that is the driving force behind the growth experienced by the Eastern Panhandle.

The Eastern Panhandle – Berkeley, Jefferson and Morgan Counties – is just over an hour's drive from Washington, DC and Baltimore. The Eastern Panhandle is consistently the most economically vibrant area of West Virginia. The location places it within 500 miles of two-thirds of all the industrial activity and retail consumers in the United States.

Populations Trends

Census	Population	% Change
1960	33,791	N/A
1970	36,356	7.59%
1980	46,775	28.66%
1990	59,253	26.68%
2000	75,905	28.10%
2005	93,394	23.04%

Source: US Bureau of the Census

People – Quick Facts

Male	49.8%
Female	50.2%
Persons under 5 years old	6.6%
Persons under 18 years old	25.7%
Ages 65 and older	11.2%

Source: US Bureau of the Census

Race

White	92.70%
Black or African American	4.70%
Hispanic or Latin origin	1.50%
Asian	.50%
Other	.60%

Source: US Bureau of the Census

Government/Emergency Services

State of West Virginia:	23 full time Troopers
Berkeley County:	County Administrator, 3 Commissioners
Central Dispatch:	Countywide Enhanced 911
Fire and Rescue:	ISO Class 6/9, 3 career departments, 5 volunteer departments

EMS:	1 career department, 35 paid professionals, 5 volunteer departments
Police:	Sheriff, 41 sworn Deputies

Education

Public Schools in West Virginia are county administered and by state law have the following students per teacher:

	Kindergarten	*Grades 1-2*	*Grades 4-6*
Preferred:	20/1	25/1	25/1
Maximum:	23/1	28/1	28/1

Berkeley County's Schools (Year 2005- 06)

Elementary (preK-5): 21 schools (6,580 enrolled)

Middle (6-8): 4 schools (3,268 enrolled)

Senior High (9-12): 3 schools (3,887 enrolled)

Private: Faith Christian Academy (Pre-K - 12; 328 enrolled); Martinsburg Christian Academy (Pre-K - 12; 221 enrolled); Rocky Knoll Seventh Day Adventist Elementary (60 enrolled); and St. Joseph's Catholic School (K-8; 410 enrolled).

Post Secondary Schools:

Shepherd University (member of the West Virginia State College System) is an accredited coeducational school in Shepherdstown, West Virginia, seven miles east of Martinsburg. It provides four-year courses granting BA, BFA, and BS degrees upon graduation. Postgraduate courses are offered through West Virginia University. Degrees are offered in technical areas: Accounting, Biology, Business Administration, Chemistry, Computer Science, Earth Science, Engineering Technology, Geology, Information Science, Marketing and Math.

Shepherd Community College provides academic/transfer and occupational/technical programs, which culminate in associate degrees and offers programs, which develop competency in areas fundamental to academic and occupational success at locations throughout the area. The Community and Technical College of Shepherd is working to meet the needs of the changing workplace by offering associate degrees in a variety of technical and occupational areas:

- Automotive Technology
- Business Information/Office Technology
- Business Program
- Computer Technology
- Criminal Justice
- Culinary Arts
- Dependent Care Specialist
- Early Childhood Specialist
- Electromechanical Technology
- Emergency Medical Services
- Engineering Program
- Fashion Merchandising
- Fire Science
- General Studies
- Historic Preservation (certificate)
- HVAC & Refrigeration
- Information Technology
- Nursing
- Paralegal Studies
- Safety Technology
- Visual Communication

The Community and Technical College also offers continuing education courses for professional and personal enrichment; on-site employee training for business, industry and schools; and academic support services including tutoring and study skills enhancement.

James Rumsey Technical Institute serves the three-county area and is dedicated to the task of training high school students, high school graduates, and others who are eligible for employment in vocational, technical and industrial career fields. College level courses are available.

The Eastern Panhandle Training Center for the handicapped is a sheltered workshop in a work-oriented environment for the purpose of training and placing for employment, handicapped adults of the three Eastern Panhandle counties. Sub-contract work from local industry is utilized to train clients. Wages are paid to these clients; and, if placed in competitive employment, on-the-job follow-up is done by the Center.

Valley College of Technology is an accredited private business college in Martinsburg, offering A.A.S. and Certificate programs in Business Administration and Business and Office Technology. It also offers customized training.

Communications

Berkeley County has one newspaper, *The Journal*, in Martinsburg. There are 6 radio stations throughout the area and no television stations.

Transportation

A highly developed transportation network links Berkeley County to the entire nation. Two major interstate highways (I-81, which runs north/south, and I-70, which runs east/west) are the cornerstones of a highway system and trucking routes with destinations throughout the country. Business and industry in the county are served by the Eastern Regional Airport in Martinsburg. The airport handles aircraft ranging from executive jets to massive cargo planes. Residents also have easy access to Dulles International Airport, Baltimore-Washington International Airport, Reagan National Airport, and Washington County Airport. Rail cargo transport is available on the CSX line and Winchester & Western, which links with Norfolk Southern. Business and pleasure trips to Washington, Baltimore, New York and other destinations are available from Amtrak and MARC's daily train runs.

Utilities

Allegheny Power Systems provides electricity to Berkeley County and throughout the Eastern Panhandle. Berkeley County relies on Allegheny Power for natural gas purposes. Water service is available in most of the unincorporated areas of Berkeley County from the Berkeley County Public Service District. Sewage treatment service is available in most of the unincorporated areas of Berkeley County from the Berkeley County PSSD. Sources for water are deep wells, quarries, springs and the Potomac River.

Ten Largest Employers in Berkeley County (March 2005)

Employer	Est. Employees
1. Berkeley County Board of Education	1,400
2. Veterans Administration Center	1,200
3. City Hospital, Inc.	1,000
4. Quad/Graphics, Inc.	950
5. U.S. Department of Treasury (IRS)	800
6. Wal-Mart Stores, Inc.	480
7. MAAX	440
8. Quebecor World Fairfield, Inc.	400
9. US Coast Guard Operations Center	380
10. General Motors Corporation	327

Source: Bureau of Employment Programs/Berkeley County Chamber of Commerce

Personal Income Tax

The City of Martinsburg and Berkeley County do not impose income taxes. The State income tax is applied on a graduated scale of rates on taxable income of all residents, individuals, estates and trusts and on the West Virginia income of nonresidents. The tax begins with federal adjusted gross income. Individuals are allowed a $2,000 deduction for each exemption claim on their federal return. Individuals over the age of 65 are allowed an additional $8,000 income exemption. Tax rates range from 3% on the first $10,000 of taxable income to 6.5% of income exceeding $60,000. Business and Occupational Tax taxpayers may credit such taxes paid against up to 100% of their Personal Income Tax liabilities.

Financial Institutions

Berkeley County has 8 banks (29 including branches) with total assets of $802,251,000 (2004).

Housing (2000)

Homes:

Median sale price for a home (excluding a lot) $112,000

Apartments:

2 bedroom monthly average rate = $500-$600

3 bedroom monthly average rate = $600-$650

Economic Indicators

Retail Sales (1999)	$1,125,991,000
Total Wages (2003)	$845,251,631
Average Unemployment Rate (Oct. 2005)	3.5%
Per Capita Income (2002)	$24,310
Total Personal Income (2002)	$1,978,837,000

Source: Bureau of Employment Security, State of WV

Employment and Wages Covered by Unemployment Compensation Programs

Employment, Annual Average (2003)	26,998
Annual Wage, Annual Average (2003)	$31,308

Source: Bureau of Employment Programs

Employment and Unemployment Statistics – Annual Averages

	2001	2002	2003	2004	2005
Civilian Labor Force	38,060	37,870	37,950	41,030	43,090
Total Employment	36,630	35,980	36,160	39,330	41,530
Total Unemployment	1,420	1,880	1,790	1,700	1,790
Unemployment Rate	3.7%	5.0%	4.7%	4.2%	4.7%

Source: Bureau of Employment Programs

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX B

FINANCIAL STATEMENTS

(THIS PAGE INTENTIONALLY LEFT BLANK)

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Martinsburg, West Virginia

FINANCIAL REPORT

JUNE 30, 2005

BOARD MEMBERS AND OFFICERS
As of June 30, 2005

John C. Kunkle - Chairman
John E. Myers - Secretary
Ronald K. Collins - Treasurer

GENERAL MANAGER

Curtis B. Keller

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER SUPPLEMENTARY INFORMATION	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2-7
FINANCIAL STATEMENTS	
Statements of net assets	8 and 9
Statements of revenues, expenses and changes in net assets	10
Statements of cash flows	11 and 12
Notes to financial statements	13-29
SUPPLEMENTARY INFORMATION	
Schedules of operating expenses	30
Schedule of expenditures of Federal awards	31
Note to schedule of expenditures of Federal awards	32
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	33 and 34
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	35 and 36
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	37-39
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN	40

YHB

Yount, Hyde & Barbour, P.C.
Certified Public Accountants
and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Public Service Board
Berkeley County Public Service Sewer District
Martinsburg, West Virginia

We have audited the accompanying basic financial statements of the Berkeley County Public Service Sewer District, Martinsburg, West Virginia, as of and for the years ended June 30, 2005 and 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Berkeley County Public Service Sewer District's management. Our responsibility is to express opinions on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Berkeley County Public Service Sewer District, as of June 30, 2005 and 2004, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated July 26, 2005 on our consideration of the Berkeley County Public Service Sewer District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of our audits.

Management's Discussion and Analysis, as indicated in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Also, the supplementary financial statement information as listed in the accompanying table of contents is presented for additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
July 26, 2005, except for the first paragraph in Note 11 as to which the date is October 14, 2005.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Berkeley County Public Service Sewer District's financial performance provides a narrative overview of the financial activities of the District for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities at the close of the year by $20,767,264.
- Total capital assets decreased by $1,838,606 due to the increase of depreciation for the full year for the Inwood Phase IIA project.
- Operating revenues increased by $2,045,067 from fiscal year 2004 due to the explosive growth of the customer base and a rate increase.
- User rates were increased by approximately 12%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; Management's Discussion and Analysis, Financial Statements, and Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short and long term financial information about its activities. The Balance Sheet includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the District's activities in a way that will help answer this question. These two statements report the net assets of the District and changes in them. You can think of the District's net assets-the difference between assets and liabilities-as one way to measure financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

NET ASSETS

To begin our analysis, a summary of the District's Statement of Net Assets is presented in Table A-1.

TABLE A-1

Condensed Statements of Net Assets (Balance Sheets)

	2005	2004
Current and Other Assets	$ 7,872,918	$ 5,532,756
Capital Assets	101,640,526	103,479,132
Total Assets	$ 109,513,444	$ 109,011,888
Long-term debt outstanding	$ 82,389,359	$ 84,047,653
Other Liabilities	6,356,821	6,558,689
Total Liabilities	$ 88,746,180	$ 90,606,342
Net Assets		
Invested in capital assets, net of related debt	$ 14,795,592	$ 16,228,303
Restricted net assets	5,106,015	3,019,859
Unrestricted net assets	865,657	(842,616)
Total net assets	$ 20,767,264	$ 18,405,546

OPERATING INCOME

Operating revenues totaled $8,902,875 in fiscal year 2005, an increase of $2,045,067 from 2004. This can be attributed to the increase in the District's customer base and an approximately 12% rate increase as approved by the West Virginia Public Service Commission. Operating expenses were $3,957,616 in 2005, an increase of $586,495 from 2004 due to an increase in service expenses. Table A-2 provides a summary of Revenues and Expenses.

TABLE A-2

Condensed Statements of Revenues and Expenses and Changes in Net Assets

	June 30, 2005	June 30, 2004
Operating Revenues.....	$ 8,902,875	$ 6,857,808
Non-operating Revenues.....	64,516	106,320
Total Revenues.....	$ 8,967,391	$ 6,964,128
Depreciation Expense.....	$ (3,522,505)	$ (3,484,070)
Operating Expense.....	(3,957,616)	(3,371,121)
Non-operating Expense.....	(911,264)	(779,192)
Total Expenses.....	$ (8,391,385)	$ (7,634,383)
Net income (loss) before capital contributions	$ 576,006	$ (670,255)
Capital Contributions.....	1,785,712	-0-
Change in Net Assets	$ 2,361,718	$ (670,255)

While the Statement of Net Assets shows the financial position of the District, the Statements of Revenues, Expenses and Changes in Net Assets provides the nature and source of the changes in net assets. Increases in expenses were primarily the result of rising employment costs and costs associated with the increased capacities within the treatment facilities, enhanced benefits in the District's retirement plan, an increase in engineering and operations costs needed to support current and future system growth, and the additional costs associated with increased capacities within the treatment systems.

BUDGETARY HIGHLIGHTS

As required by its Bylaws, the District adopts an Operating Budget no later than 45 days prior to the start of its Fiscal Year. The General Manager must approve any overruns within departmental budgets and only the Board of Directors may revise the total budget. All annual appropriations lapse at year end. The table below shows a comparison of 2005 budget to 2005 actual revenues and expenses.

Table A-3

	Budget vs Actual		
	FY 05 Original and Final Budget	**FY 05 Actual**	**Variance with Budget**
Operating Revenues			
Sewer Fees	$ 8,333,942	$ 8,458,399	$ 124,457
Miscellaneous Income	141,339	274,527	133,188
Developers' Subsidy Income	87,711	169,949	82,238
Total Operating Revenues	$ 8,562,992	$ 8,902,875	$ 339,883
Operating Expenses			
Collecting system expenses	$ 694,092	$ 549,459	$ (144,633)
Pumping system expenses	803,829	556,051	(247,778)
Treatment expenses	1,175,493	1,112,404	(63,089)
Billing & Accounting expenses	353,278	254,492	(98,786)
Administrative expenses	842,310	1,485,210	642,900
Total Operating Expenses	$ 3,869,002	$ 3,957,616	$ 88,614
Operating Income before Depreciation	$ 4,693,990	$ 4,945,259	$ 251,269
Depreciation	3,350,004	3,522,505	172,501
Operating Income	$ 1,343,986	$ 1,422,754	$ 78,768
Non-operating Revenue (Expenses)			
Interest Income	$ 25,000	$ 64,516	$ 39,516
Interest Expense	(430,477)	(679,466)	(248,989)
Amortization Expense	(47,184)	(47,184)	-0-
Bond administration expense	(184,614)	(184,614)	-0-
Net Non-operating (Expense)	$ (637,275)	$ (846,748)	$ (209,473)
Net Income before Capital Contributions	$ 706,711	$ 576,006	$ (130,705)
Capital Contributions		1,785,712	
Change in Net Assets		$ 2,361,718	

As can be seen from Table A-3 the District's revenues were $8,902,875 showing a favorable variance to the budget. This favorable variance to budget for 2005 was due to an increase in the customer base and a rate increase of approximately 12%. During this same time, operating expenses exceeded budgeted amounts by $88,614. This variance was primarily due to increased insurance premiums and legal expenses. The net result of these factors was that the District performed in a favorable ratio to its Fiscal 2005 budget.

CAPITAL ASSETS AND DEBT ADMISTRATION

During fiscal year 2005, the District had invested an additional $1.7 million in a broad range of capital assets including sewer lines, land, buildings, treatment plants, vehicles and equipment as shown in Table A-4.

TABLE A-4

Capital Assets

	FY 2005	FY 2004
Land and land rights	$ 1,816,595	$ 1,714,100
Structure and improvements	9,599,307	9,573,088
Collection and transmission systems	85,111,107	84,826,523
Pumping system and force mains	7,092,586	6,976,445
Tools and shop equipment	109,589	104,387
Treatment and disposal system	16,038,062	15,745,730
Communication equipment	152,429	151,536
Office furniture and equipment	2,345,028	2,220,030
Lab and general plant equipment	170,829	170,829
Transportation equipment	690,396	580,322
Miscellaneous general plant equipment	6,302	6,302
Construction in progress	998,170	377,209
Sub Total	$ 124,130,400	$ 122,446,501
Less accumulated depreciation	22,489,874	18,967,369
Net Property, Plant & Equipment	$ 101,640,526	$ 103,479,132

The District has the following ongoing projects:

1. Design of North End Sewer System to include treatment facility and collection lines.
2. Design of Baker Heights Treatment Facility upgrade.
3. Design of Inwood Treatment Facility upgrade.
4. Capital purchases totaling $557,000.
5. Purchase of the Sylvan Grove Wastewater and Collection facilities.

LONG TERM DEBT

The District's outstanding debt as of June 30, 2005 includes $85,092,908 in Sewer System Revenue Bonds that bear interest from 0% to 6%. The payment of principal and interest on all revenue bonds is secured by the pledge of net revenues of the District. The District is in compliance with all bond covenants.

Bond Ratings

All outstanding bonds carry an Aaa and AAA rating from Moody's and Standard & Poor's, respectfully, based upon a Municipal Bond Commission policy.

Limitations on Debt

Bond covenants allow for the issuance of additional debt on parity, as to lien on the net revenues of the system provided certain net earning ratio(s) conditions are met. The major criteria are that all estimated future net earnings of the system must be at least 1.15 times the highest combined debt service requirement. The District currently enjoys a coverage ratio of 1.28.

The District has been successful in taking advantage of available low-rate financing through the West Virginia State Revolving Fund administered by the Department of Environmental Protection.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET AND RATES

The economic outlook for Berkeley County is extremely positive. The region's favorable economic conditions and the prospect of these conditions continuing have produced a rate of growth for Berkeley County greater than has been experienced over recent years. The District continues to evaluate its resources as well as operational and capital requirements to ensure that wastewater service will be available to meet expected demand.

The District's rate structure is designed to collect sufficient revenues to pay debt service and recover operating and maintenance expenses, and the District successfully accomplished this objective in 2005.

CONTACTING THE DISTRICT'S FISCAL OFFICER

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives and the assets it maintains. If you have questions about this report or need additional financial information, contact the Berkeley County Public Service Sewer District, Fiscal Officer, P.O. Box 944, Martinsburg, WV 25401.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Statements of Net Assets

As of June 30, 2005 and 2004

Assets

	2005	2004
Current Assets		
Cash and temporary investments	$ 25,259	$ 76,601
Accounts receivable - customers, less allowance for uncollectible accounts of $5,000 for 2005 and 2004	1,545,829	1,333,224
Accounts receivable - developers	38,117	6,880
Other current assets	49,190	48,728
Total current assets	$ 1,658,395	$ 1,465,433
Restricted Assets		
Cash and temporary investments:		
Debt service funds	$ 1,141,786	$ 878,842
Debt service reserve funds	1,815,025	1,597,555
Security deposits	351,829	274,597
Renewal and replacement fund	359,533	29,779
Construction fund	2,051,024	778,459
Total restricted assets	$ 5,719,197	$ 3,559,232
Other Assets		
Unamortized debt issue expense	$ 495,326	$ 508,091
Property, Plant and Equipment		
Land and land rights	$ 1,816,595	$ 1,714,100
Structures and improvements	9,599,307	9,573,088
Collection and transmission system	85,111,107	84,826,523
Pumping system and force mains	7,092,586	6,976,445
Tools and shop equipment	109,589	104,387
Treatment and disposal system	16,038,062	15,745,730
Communication equipment	152,429	151,536
Office furniture and equipment	2,345,028	2,220,030
Lab and general plant equipment	170,829	170,829
Transportation equipment	690,396	580,322
Miscellaneous general plant equipment	6,302	6,302
Construction in progress	998,170	377,209
	$ 124,130,400	$ 122,446,501
Less accumulated depreciation	22,489,874	18,967,369
Net property, plant and equipment	$ 101,640,526	$ 103,479,132
Total assets	$ 109,513,444	$ 109,011,888

See Accompanying Notes to Financial Statements.

Liabilities and Net Assets

	2005	2004
Liabilities		
Current Liabilities (payable from current assets)		
Accounts payable - operations	$ 154,591	$ 215,142
Accrued payroll and related liabilities	117,188	115,464
Customer security deposits	98,866	106,391
Developers' contracts payable	45,949	67,209
Lease payable	124,835	132,912
Note payable	352,001	94,795
Bond anticipation notes payable	- -	57,143
Total current liabilities (payable from current assets)	$ 893,430	$ 789,056
Current Liabilities (payable from restricted assets)		
Accrued interest	$ 261,353	$ 264,776
Customer security deposits	351,829	274,597
Revenue bonds payable	3,283,327	3,394,885
Total current liabilities (payable from restricted assets)	$ 3,896,509	$ 3,934,258
Commitments, construction costs payable	$ 539,108	$ 1,835,375
Long-Term Liabilities		
Developers' contracts payable	$ 257,961	$ 307,364
Developers' deposit payable	74,401	74,401
Lease payable	250,586	354,338
Bond anticipation notes payable	- -	1,942,557
Note payable	1,024,604	- -
Revenue bonds payable	82,259,370	81,840,201
Less unamortized amount resulting from advance refunding of debt	(449,789)	(471,208)
Total long-term liabilities	$ 83,417,133	$ 84,047,653
Total liabilities	$ 88,746,180	$ 90,606,342
Net Assets		
Invested in capital assets, net of related debt	$ 14,795,592	$ 16,228,303
Restriced net assets	5,106,015	3,019,859
Unrestricted net assets	865,657	(842,616)
Total net assets	$ 20,767,264	$ 18,405,546
Total liabilities and net assets	$ 109,513,444	$ 109,011,888

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Statements of Revenues, Expenses and Changes in Net Assets

For the Years Ended June 30, 2005 and 2004

	2005	2004
Operating Revenues		
Sewer fees	$ 8,458,399	$ 6,528,517
Developers' subsidy income	169,949	184,096
Miscellaneous income	274,527	145,195
Total operating revenues	$ 8,902,875	$ 6,857,808
Operating Expenses		
Collecting system expenses	$ 549,459	$ 388,699
Pumping system expenses	556,051	499,180
Treatment and disposal expenses	1,112,404	883,585
Customers' accounting and collection expenses	254,492	248,155
General and administrative expenses	1,485,210	1,351,502
Total operating expenses	$ 3,957,616	$ 3,371,121
Operating income before depreciation	$ 4,945,259	$ 3,486,687
Depreciation	3,522,505	3,484,070
Operating income	$ 1,422,754	$ 2,617
Nonoperating Revenue and Expense		
Interest earned	$ 64,516	$ 26,740
Amortization of bond discount and expense	(47,184)	(46,812)
Interest expense	(679,466)	(591,789)
Bond administration fees	(184,614)	(140,591)
Gain on disposal of property	- -	79,580
Net nonoperating (expense)	$ (846,748)	$ (672,872)
Net income (loss) before capital contributions	$ 576,006	$ (670,255)
Capital Contributions	1,785,712	- -
Change in Net Assets	$ 2,361,718	$ (670,255)
Total Net Assets, Beginning of Year	18,405,546	19,075,801
Total Net Assets, End of Year	$ 20,767,264	$ 18,405,546

See Accompanying Notes to Financial Statements.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Statements of Cash Flows

Years Ended June 30, 2005 and 2004

	2005	2004
Cash Flows from Operating Activities		
Cash received from customers	$ 8,678,824	$ 6,663,383
Payments to suppliers for goods and services	(1,651,201)	(1,164,448)
Payments to employees for services	(2,319,212)	(2,089,421)
Net cash provided by operating activities	$ 4,708,411	$ 3,409,514
Cash Flows from Capital and Related Financing Activities		
Payments on developers' contract payable	$ (70,663)	$ --
Proceeds from developers' contracts	--	26,768
Purchase of property, plant and equipment	(1,684,312)	(14,400,780)
Proceeds from sale of property, plant and equipment	--	203,670
Proceeds from note payable	1,683,999	247,688
Proceeds from bond issuance	2,967,518	13,295,157
Bond issuance costs	(13,000)	(17,325)
Principal payments on revenue bonds	(2,659,908)	(2,104,459)
Interest payments on revenue bonds	(664,683)	(586,394)
Payments on bond administration fees	(184,614)	(140,591)
Principal payments on note payable	(402,189)	(378,522)
Interest payments on note payable	(14,368)	(5,394)
Principal payments on bond anticipation note	(1,999,700)	--
Payments on construction costs payable	(1,296,267)	(2,858,035)
Payments on lease payable	(111,829)	(107,506)
Capital contributions	1,785,712	--
Net cash (used in) capital and related financing activities	$ (2,664,304)	$ (6,825,723)
Cash Flows from Investing Activities, interest income	$ 64,516	$ 26,740
Net increase (decrease) in cash and cash equivalents	$ 2,108,623	$ (3,389,469)
Cash and Cash Equivalents at Beginning of Year	3,635,833	7,025,302
Cash and Cash Equivalents at End of Year	$ 5,744,456	$ 3,635,833

See accompanying notes to financial statements.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Statements of Cash Flows
(Continued)
Years Ended June 30, 2005 and 2004

	2005	2004
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	$ 1,422,754	$ 2,617
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,522,505	3,484,070
Changes in assets and liabilities:		
(Increase) in accounts receivable - customers	(212,605)	(193,803)
(Increase) decrease in developers' receivable	(31,237)	563
(Increase) in other assets	(462)	(12,728)
Increase (decrease) in accounts payable - operations	(60,551)	2,246
(Decrease) in developers' deposit payable	- -	(40,000)
(Decrease) in accrued expenses	(1,700)	(40,493)
Increase in customer security deposits	69,707	207,043
Net cash provided by operating activities	$ 4,708,411	$ 3,409,514
Reconciliation of Cash		
Cash and temporary investments	$ 25,259	$ 76,601
Restricted cash and temporary investments	5,719,197	3,559,232
	$ 5,744,456	$ 3,635,833

See accompanying notes to financial statements.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Notes to Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies

The Berkeley County Public Service Sewer District (the "District") is a corporation created under the authority of the County Commission of Berkeley County, West Virginia on April 10, 1979 under West Virginia Code Section 16-13A-2. The Board of Directors is composed of three members appointed by the County Commission of Berkeley County, West Virginia. The District is responsible for providing sewerage services for all of Berkeley County, West Virginia. The District serves approximately 14,905 customers.

A summary of significant accounting policies are as follows:

Basis of Presentation

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds of governmental units. The District accounts for its operations in a manner similar to those often found in the private sector. The measurement focus is based upon the determination of net income. The costs (including depreciation) of providing goods and services to customers on a continuing basis are recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control and accountability.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Revenues and expenses of the District are accounted for within one fund, an enterprise fund. The District uses the accrual basis of accounting for its enterprise fund, under which revenues are recognized when they are earned and expenses are recognized when they are incurred. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the District has elected to apply all applicable GASB pronouncements as well as FASB statements and interpretations, APB opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do no conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents and Investments

For purposes of reporting the statements of cash flows, the District considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less, except those set aside for a specific purpose, to be cash equivalents. As of June 30, 2005, the District has not formally adopted an investment policy.

Restricted Assets

Assets whose use is limited include:

Debt service funds and debt service reserve funds represent funds on deposit with the West Virginia Municipal Bond Commission as trustee under the various bond resolutions. These funds are to be used to pay bond interest and principal.

Construction funds represent funds held by a bank as trustee under the District's bond resolutions. These funds are to be used solely for payment of costs associated with the District's construction projects.

The renewal and replacement fund was established by bond ordinance. The fund is to be kept apart from all other funds and shall be invested or reinvested in accordance with Article VIII of the bond ordinance. Withdrawals and disbursements may be made for replacements, emergency repairs, improvements or extensions to the system.

Customer security deposits are held in a separate bank account in the name of the District. Interest earned on security deposits held by the District is paid to customers when the security deposit is refunded.

Revenue Recognition

The District's policy is to recognize revenue on the accrual basis. At June 30, 2005 and 2004, the District accrued two months of revenue earned but not billed for the months of May and June. An estimation was used for this accrual.

Property, Plant and Equipment

The District capitalizes all property, plant and equipment with a purchase price greater than $1,000.

Property, plant and equipment is stated at historical cost. Donated assets are recorded at fair market value at the time received. Expenditures for repairs and upgrading which materially add to the value or life of an asset are capitalized. Other maintenance and repair costs are expensed as incurred.

Depreciation is provided by the straight-line method over the estimated useful lives which range from 8 to 40 years.

Interest is capitalized on qualifying construction in process. For assets acquired with tax-exempt debt, the amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized using the straight-line method over the estimated useful life of the asset. The District capitalized $78,023 of net interest expense in 2004. No interest was capitalized in 2005.

The depreciation expense on assets acquired under capital leases is included with depreciation expense on owned assets.

Intangibles

Amortization of debt issue costs is calculated by the straight-line method over the term of the related bond issue.

Deferred amounts resulting from an advance refunding of debt are being amortized by the straight-line method over the life of the new debt.

Nonexchange Transactions

The District follows GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (Statement 33), which establishes accounting and reporting guidelines for government entities that gives (or receives) value without directly receiving (or giving) equal value in return. The District receives voluntary nonexchange transactions from developer donations of cash, property, lines and improvements. These donations are considered capital contributions on the Statements of Revenues, Expenses and Changes in Net Assets.

Accounting Pronouncements Adopted

In July 2003, the District adopted the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34). Statement 34 establishes standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. The District simultaneously implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* (Statement 37) and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* (Statement 38). The implementation of Statements No. 34, 37 and 38 were completed for the fiscal year ended June 30, 2004.

In March 2003, the GASB issued Statement No. 40, *Deposits and Investment Risk Disclosures – an amendment of GASB Statement No. 3* (Statement 40). This Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. The District has adopted Statement 40 for the fiscal year ending June 30, 2005. The effect of the adoption of this statement was the establishment of comprehensive disclosure requirements for certain risks relating to the District's investment portfolio. These risks include: credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

New Accounting Pronouncements

In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* (Statement 42). This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner. The District is required to adopt Statement 42 for the fiscal year ending June 30, 2006.

GASB Statement No. 43, *Financial Reporting for Postretirement Benefit Plans Other Than Pension Plans* (Statement 43) establishes uniform financial reporting standards for other postretirement benefit plans. Statement 43 will be effective for the District beginning with its year ending June 30, 2009.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions* (Statement 45) establishes standards for measurement, recognition, and display of other postemployment benefit expense/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information (RSI) in the financial reports of state and local government employers. Statement 45 will be effective for the District beginning with its fiscal year ending June 30, 2010.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation – An Amendment for GASB Statement No. 34* (Statement 46) requires governments to disclose the portion of total net assets that is restricted by enabling legislation. Statement 46 aims at improving the understandability and comparability of net asset information by making the assessment of legal enforceability more uniform across governments. Statement 46 will be effective for the District beginning with its fiscal year ending June 30, 2006.

GASB Statement No. 47, *Accounting for Termination Benefits* (Statement 47) establishes accounting standards for termination benefits. Statement 47 will be effective for the District beginning with its fiscal year ending June 30, 2006.

The District's management has not yet determined the effect these Statements will have on its financial statements.

Note 2. Accounts Receivable - Developers

This represents amounts due from certain developers in connection with the District's purchase of utility plants from the developers. Under these agreements, the developers are obligated to reimburse the District for costs associated with acquiring and operating the system in excess of revenues derived from the system. The reimbursements under these agreements continue until net system revenues are sufficient to meet debt service payments. Thereafter, the District is obligated to repay the developer for amounts which it receives under these agreements. Total amounts receivable under the agreements were $38,117 and $6,880 as of June 30, 2005 and 2004, respectively.

Note 3. Developers' Contracts Payable

These liabilities represent the cost of line additions constructed by developers and titled to the District. The District is obligated to reimburse the developers based on the revenue derived from customers connected to the lines. The reimbursements are payable for up to a ten year period from the date of completion of the lines. At June 30, the balance consisted of the following:

	2005	2004
Developer payable; payable in two installments per year, interest free, maturity is 2005.	$ --	$ 5,330
Developer payable; payable in two installments per year, interest free, maturity is 2005.	--	5,709
Developer payable; payable in two installments per year, interest free, maturity is 2005.	--	9,540
Developer payable; payable in two installments per year, interest free, maturity is 2011.	104,553	119,295
Developer payable; payable in two installments per year, interest free, maturity is 2011.	64,323	78,830
Developer payable; payable in two installments per year, interest free, maturity is 2012.	27,740	48,575
Developer payable; payable in two installments per year, interest free, maturity is 2012.	23,965	23,965
Developer payable; payable in two installments per year, interest free, maturity is 2013.	53,550	53,550
Developer payable; payable in two installments per year, interest free, maturity is 2013.	15,999	15,999
Developer payable; payable in two installments per year, interest free, maturity is 2013.	13,780	13,780
	$ 303,910	$ 374,573
Less current maturity	45,949	67,209
Total developers' contracts payable	$ 257,961	$ 307,364

The following is a summary of annual debt service requirements on developers' contracts payable at June 30, 2005:

2006	$ 45,949
2007	45,949
2008	45,949
2009	45,949
2010	45,949
2011-2014	28,216
	$ 257,961

According to an Alternate Main Line Agreement entered into by the District and a developer, the District must begin repaying the developer subsidies at the point in which the development becomes self-supporting. As of June 30, 2005 and 2004, the amount to be paid in the future for this subsidy totaled $171,243 and $192,504, respectively. The amount to be paid to the developer is determined each year based on actual revenues generated by the development versus operating and maintenance costs and therefore is not recorded as a liability.

Note 4. Long-Term Debt

Revenue Bonds Payable

The District has issued general obligation bonds for the purpose of financing the cost of site acquisition, improvement, construction, erection, renovation, equipping, and improving the existing sewer service system.

The following is a summary of long-term debt at June 30:

Bond	Issue Date	Maturity Date	Interest Rate	Amount Outstanding 2005	Amount Outstanding 2004
1986 Series "B"	3/7/1986	2025	7.00%	$ 905,317	$ 948,428
1990 Series "A"	5/3/1990	2029	7.85%	742,316	751,939
1990 Series "B"	5/3/1990	2029	7.85%	24,788	25,779
WDA 1994 Series "A"	10/3/1994	2033	6.75%	458,224	463,354
HDF 1994 Series "B"	11/14/1994	2009	0.00%	1,500,000	1,500,000
SRF 1994 Series "C"	11/14/1994	2014	0.00%	1,455,761	1,594,405
SRF 1995 Series "A"	2/9/1995	2016	0.00%	2,062,713	2,254,597
SRF 1995 Series "B"	12/29/1995	2016	0.00%	1,149,433	1,256,357
SRF 1996 Series "A"	2/13/1996	2017	0.00%	171,939	187,935
SRF 1996 Series "B"	5/1/1996	2016	0.00%	1,511,461	1,642,893
SRF 1996 Series "C"	5/1/1996	2017	0.00%	481,599	523,479
1996 Series "D"	6/15/1996	2025	5.63%	3,970,000	4,070,000
SRF 1997 Series "A"	6/12/1997	2017	2.00%	97,540	104,498
SRF 1997 Series "B"	12/11/1997	2018	2.00%	897,031	954,357
SRF 1999 Series "A"	12/1/1999	2029	0.00%	27,265,953	28,324,825
SRF 2000 Series "A"	6/1/2000	2030	0.00%	789,053	820,305
SRF 2001 Series "A"	3/30/2001	2021	0.00%	355,617	378,195
SRF 2001 Series "B"	8/7/2001	2031	0.00%	2,570,364	2,667,360
SRF 2002 Series "A"	5/9/2002	2032	0.00%	681,250	706,250
SRF 2002 Series "B"	7/11/2002	2032	0.00%	414,693	429,913
SRF 2002 Series "C"	8/28/2002	2034	0.00%	29,978,632	29,532,082
SRF 2002 Series "D"	8/28/2002	2039	5.80%	4,965,465	4,965,465
SRF 2002 Series "E"	8/28/2002	2041	5.80%	560,822	560,822
SRF 2003 Series "A"	8/14/2003	2024	2.00%	237,253	247,751
SRF 2003 Series "B"	8/14/2003	2024	2.00%	310,363	324,097
SRF 2004 Series "A"	11/30/2004	2040	0.00%	1,985,110	--
				$ 85,542,697	$ 85,235,086

Notes to Financial Statements

The following is a summary of annual debt service requirements on revenue bonds payable at June 30, 2005:

	Interest	Principal	Total
2006	$ 662,687	$ 3,283,327	3,946,014
2007	653,792	3,293,207	3,946,999
2008	641,613	3,304,684	3,946,297
2009	628,685	3,316,481	3,945,166
2010	615,034	3,333,610	3,948,644
2011-2015	2,837,506	16,898,162	19,735,668
2016-2020	2,352,643	14,675,512	17,028,155
2021-2025	1,752,454	14,253,995	16,006,449
2026-2030	1,098,525	13,275,204	14,373,729
2031-2035	671,006	8,036,681	8,707,687
2036-2040	255,769	1,803,544	2,059,313
2041-2045	4,016	68,290	72,306
	$ 12,173,730	$ 85,542,697	$ 97,716,427

Each of the bond issues is secured by a lien on the net revenue derived from the sewer system. The Series 1986 "A" bonds, the Series 1986 "C" bonds, the Series 1990 "A" bonds, the Series 1990 "B" bonds, the Series 1994 "A" bonds, the Series 1994 "C" bonds, the Series 1995 "A" bonds, the Series 1995 "B" bonds, the Series 1996 "A" bonds, the Series 1996 "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", the Series 2001 "B", the Series 2002 "A", the Series 2002 "B", the Series 2002 "C", the Series 2002 "D" , the Series 2002 "E", the Series 2003 "A", the Series 2003 "B" and the Series 2004 "A" are first lien bonds. The Series 1986 "B" bonds, the Series 1996 "B" bonds and the Series 1996 "C" bonds are second lien bonds. The 1994 "B" bonds are third lien bonds.

On October 23, 1999, the District entered in an agreement with the West Virginia State Revolving Loan Fund, the West Virginia Water Development Authority, and the West Virginia Division of Environmental Protection for a loan in the amount of $30,797,296, at an annual interest rate of zero percent for a term not to exceed 30 years. The loan proceeds will be used for construction of treatment plant and collection system in the Inwood, West Virginia area. As of June 30, 2005 and 2004, $27,265,953 and $28,324,825, respectively, was outstanding on the loan.

On March 30, 2001, the District entered into an agreement with the West Virginia State Revolving Loan Fund, the West Virginia Water Development Authority, and the West Virginia Division of Environmental Protection for a loan in the amount of $429,000, at an annual interest rate of zero percent for a term not to exceed 20 years. The loan proceeds will be used for construction and acquisition of treatment plant and collection system in the Inwood, West Virginia area. As of June 30, 2005 and 2004, $355,617 and $378,195, respectively, was outstanding on the loan.

On June 25, 2001, the District entered into an agreement with the West Virginia State Revolving Loan Fund, the West Virginia Water Development Authority, and the West Virginia Division of Environmental Protection for a loan in the amount of $2,909,850, at an annual interest rate of zero percent for a term not to exceed 30 years. The loan proceeds will be used for construction and acquisition of treatment plant and collection system in the Inwood, West Virginia area. As of June 30, 2005 and 2004, $2,570,364 and $2,667,360, respectively, was outstanding on the loan.

On May 9, 2002, the District entered into an agreement with the West Virginia State Revolving Loan Fund, the West Virginia Water Development Authority, and the West Virginia Division of Environmental Protection for a loan in the amount of $750,000, at an annual interest rate of zero percent for a term not to exceed 30 years. The loan proceeds will be used for construction and acquisition of treatment plant and collection system in the Inwood, West Virginia area. As of June 30, 2005 and 2004, $681,250 and $706,250, respectively, was outstanding on the loan.

On July 11, 2002, the District entered into an agreement with the West Virginia State Revolving Loan Fund, the West Virginia Water Development Authority, and the West Virginia Division of Environmental Protection for a loan in the amount of $456,548, at an annual interest rate of zero percent for a term not to exceed 30 years. The loan proceeds will be used for construction and acquisition of treatment plant and collection system in the Inwood, West Virginia area. As of June 30, 2005 and 2004, $414,693 and $429,913, respectively, was outstanding on the loan.

On August 28, 2002, the District entered into an agreement with the West Virginia State Revolving Loan Fund, the West Virginia Water Development Authority, and the West Virginia Division of Environmental Protection for a loan in the amount of $30,500,000, at an annual interest rate of zero percent for a term not to exceed 30 years. The loan proceeds will be used for construction and acquisition of treatment plant and collection system in the Inwood, West Virginia area. As of June 30, 2005 and 2004, $29,978,632 and $29,532,082, respectively, was outstanding on the loan.

On August 28, 2002, the District entered into an agreement with the West Virginia State Revolving Loan Fund, the West Virginia Water Development Authority, and the West Virginia Division of Environmental Protection for a loan in the amount of $4,965,456, at an annual interest rate of 5.80% for a term not to exceed 30 years. The loan proceeds will be used for construction and acquisition of treatment plant and collection system in the Inwood, West Virginia area. As of June 30, 2005 and 2004, $4,965,456 and $4,965,456, respectively, was outstanding on the loan.

On August 28, 2002, the District entered into an agreement with the West Virginia State Revolving Loan Fund, the West Virginia Water Development Authority, and the West Virginia Division of Environmental Protection for a loan in the amount of $560,822, at an annual interest rate of 5.80% for a term not to exceed 30 years. The loan proceeds will be used for construction and acquisition of treatment plant and collection system in the Inwood, West Virginia area. As of June 30, 2005 and 2004, $560,822 and $560,822, respectively, was outstanding on the loan.

On August 14, 2003 the District entered into an agreement with the West Virginia State Revolving Loan Fund, the West Virginia Water Development Authority, and the West Virginia Division of Environmental Protection for a loan in the amount of $252,922 at an annual interest rate of 2.00% for a term not to exceed 20 years. The loan proceeds will be used for construction and acquisition of treatment plant and collection system in the Inwood, West Virginia area. As of June 30, 2005 and 2004, $237,253 and $247,751, respectively, was outstanding on the loan.

On August 14, 2003 the District entered into an agreement with the West Virginia State Revolving Loan Fund, the West Virginia Water Development Authority, and the West Virginia Division of Environmental Protection for a loan in the amount of $330,862, at an annual interest rate of 2.00% for a term not to exceed 20 years. The loan proceeds will be used for construction and acquisition of treatment plant and collection system in the Inwood, West Virginia area. As of June 30, 2005 and 2004, $310,363 and $324,097, respectively was outstanding on the loan.

On November 30, 2004 the District entered into an agreement with the West Virginia State Revolving Loan Fund, the West Virginia Water Development Authority, and the West Virginia Division of Environmental Protection for a loan in the amount of $1,999,600, at an annual interest rate of zero percent for a term not to exceed 35 years. The loan proceeds were used to curtail the bond anticipation note. As of June 30, 2005, $1,985,110 was outstanding on the loan.

Note Payable

On March 13, 2003, the District entered into an agreement with a local bank for a $5,000,000 revolving line of credit with an interest rate of 4.50%, interest only payable monthly, with principal payable on demand. The proceeds will be used in connection with the Inwood area sewer project. As of June 30, 2005 and 2004, $233,722 and $94,795, respectively, was outstanding on the line of credit.

On March 8, 2005, the District entered into an agreement with a local bank for a $557,000 loan with an interest rate of 4.47%, interest only payable monthly for six months, then fixed interest and principal payments of $10,431 for 60 months. The loan matures on October 8, 2010. The proceeds will be used in connection with the purchase capital equipment. As of June 30, 2005, $393,418 was outstanding on the loan.

On March 8, 2005, the District entered into an agreement with a local bank for a $781,937 loan with an interest rate of 4.47%, fixed principal and interest payments of $8,118 for 59 months with a balloon payment of $440,814 due on March 8, 2010. The proceeds will be used in connection with the Sylvan Grove system and the Apache pump station upgrade. As of June 30, 2005, $749,465 was outstanding on the loan.

The following is a summary of annual debt service requirements on notes payable at June 30, 2005:

	Interest	Principal	Total
2006	$ 54,641	$ 352,001	406,642
2007	49,084	141,934	191,018
2008	41,167	148,410	189,577
2009	32,889	155,181	188,070
2010	17,933	557,254	575,187
2011	191	21,825	22,016
	$ 195,905	$ 1,376,605	$ 1,572,510

Bond Anticipation Notes

On October 6, 1999, the District entered into an agreement with the West Virginia Infrastructure and Jobs Development Council for an Infrastructure Fund bond anticipation note in the amount of $2,000,000. As of June 30 2004, $1,999,700 was outstanding on the loan with a maturity of November 1, 2004. On November 30, 2004, the District entered into an agreement for $1,999,600 Sewer Revenue Bonds (SRB), Series 2004A of which proceeds were used to curtail the bond anticipation note.

Long-Term Liabilities

Long-term liability activity for the year ending June 30, 2005 was as follows:

	Balance, July 1, 2004	Additions	Reductions	Balance, June 30, 2005	Amounts Due Within One Year
Bonds Payable					
Revenue bonds payable	$ 85,235,086	$ 2,967,518	$ (2,659,907)	85,542,697	$ 3,283,327
Bond anticipation notes payable	1,999,700	--	(1,999,700)	--	--
Less					
Unamortized advanced refunding	471,208	--	(21,419)	449,789	--
Total bonds payable	$ 86,763,578	$ 2,967,518	$ (4,638,188)	$ 85,092,908	$ 3,283,327
Other Liabilities					
Notes Payable	94,795	1,683,999	(402,189)	1,376,605	352,001
Developer's contract payable	374,573	--	(70,663)	303,910	45,949
Capital lease payable	487,250	23,400	(135,229)	375,421	124,835
	$ 87,625,401	$ 4,674,917	$ (5,246,269)	$ 87,148,844	$ 3,454,111

Note 5. Pension Plan

The District is a participant in the West Virginia Public Employees Retirement System (WVPERS), which is a defined benefit, cost-sharing multiple-employer pension plan. The pension plan covers all the District's employees whose tenure is not temporary or provisional. Members' rights to employee contributions vest immediately while members with one year or more contributing service and five years or more credited service shall be eligible to retire at age 60. Contributions to the WVPERS by the District are 10.5% of eligible employees' compensation. In addition, the District withholds 4.5% of the eligible employee's compensation and remits the withholding on a monthly basis to the WVPERS. The District's contribution requirement was not actuarially determined. Contribution obligations and benefit provisions are established pursuant to the West Virginia Public Employees Retirement Act. The employer contributions for the years ended June 30, 2005 and 2004, were $167,298 and $170,193, respectively, representing 10.5% of the year's covered payroll. The employee contributions for the years ended June 30, 2005 and 2004, were $71,699 and $72,940, respectively, representing 4.5% of the year's covered payroll. Total covered payroll for the years ended June 30, 2005 and 2004 were $1,593,317 and $1,620,881.

Information regarding benefit provisions, actuarial assumptions and funding method, pension benefit obligation (actuarial present value of credit projected benefits), net assets available for benefits, historical trends, and related party transactions are not readily available since such determinations are made and information is kept on a system-wide basis and not for the individual participating entities. This information is available in the separately issued financial statements of the WVPERS at Capitol Complex, Building 5, Room 1000, 1900 Kanawha Boulevard, East, Charleston, West Virginia 25305.

The District provides a 401(a) plan for employees with the 457 Governmental employer deferred compensation match. Employees are eligible to participate in the plans upon hire and after 6 months of service they are eligible to receive up to a 5% match on their contributions. Participants vest after one year. For the 401(a) Plan, employees may contribute the lesser of 25% of their compensation or $30,000. For the 457 Plan, both employee deferrals and employer contributions are aggregated for purposes of the maximum annual limit of the lesser of $8,000 or 25% of compensation.

The employer contributions for the years ended June 30, 2005 and 2004, were $52,635 and $55,167, respectively. The employee contributions for the years ended June 30, 2005 and 2004, were $57,901 and $63,474, respectively. Total covered payroll for the years ended June 30, 2005 and 2004 was $1,381,146 and $1,620,881, respectively.

Note 6. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in several risk management programs administered by the State of West Virginia.

Board of Risk and Insurance Management (BRIM)

The District has joined with other governmental entities to participate in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units and other local governmental agencies who wish to participate. The District pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The costs of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains the risk of the first $2 million per property event and purchases excess insurance on losses above that level. Excess coverage, through an outside insurer is limited to $200 million per event, subject to limits on certain property. BRIM has $1 million per occurrence coverage maximum on all third-party liability claims.

Workers' Compensation Fund (WCF)

West Virginia is one of six states that operates an exclusive state-managed Workers' Compensation Insurance Fund (WCF), which means that private insurance companies cannot offer coverage to employers. Nearly every employer in the State, including all Public Service Districts, who have a payroll must have coverage. The cost of all coverage as determined by the WCF Compensation Programs Performance Council is paid by the employers. The WCF risk pool retains all risk related to the compensation of injured employees under the program.

Note 7. Lease Commitments and Total Rent Expense

The District has entered into various capital leases. The related liability under the capital leases were recorded as follows:

	June 30, 2005	June 30, 2004
7.25% capital lease agreement for the rental of a John Deere backhoe which expires on February 1, 2006 and requires annual rentals of $15,928.	$ 6,238	$ 20,608
Capital lease agreement for the rental of a Xerox copier which expires on February 9, 2004 and requires annual rentals of $2,026. The lease has a $1 purchase option at the end of the lease term.	- -	2,242
16.344% capital lease agreement for the rental of a Minolta copier which expires on August 1, 2005 and requires annual rentals of $2,892.	- -	3,374
5.394% capital lease agreement for the rental of an excavator which expires on September 30, 2008 and requires annual rentals of $45,777.	144,961	190,738
12.601% capital lease agreement for the rental of office furniture, which expires on July 7, 2008 and requires annual rentals of $5,640.	17,390	23,030
10.079% capital lease agreement for the rental of office furniture, which expires on April 1, 2008 and requires annual rentals of $37,871.	104,144	138,913
1.58% Capital lease agreement for the rental of a Xerox fax machine which expires on January 1, 2007 and requires annual rentals of $2,749.	4,353	7,102
5.75% Capital lease agreement for the rental of a John Deere Loader, which expires on August 1, 2009 and requires annual rentals of $11,797.	49,154	60,950
7.194% Capital lease agreement for the rental of a 2003 Ford Expedition which expires on July 30, 2007 and requires annual rentals of 7,852. The lease has a $16,083 purchase option at the end of the lease term.	32,441	40,293
Capital lease agreement for the rental of a Minolta copier which expires on December 20, 2009 and requires annual rentals of 3,720.	16,740	- -
	$ 375,421	$ 487,250

The following is a schedule by years of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2005:

During the year ended June 30:

	Interest	Principal	Total
2006	$ 20,100	$ 104,735	$ 124,835
2007	12,947	101,470	114,417
2008	4,622	115,072	119,694
2009	524	12,125	12,649
2010	14	3,812	3,826
2011-2015	--	--	--
Total minimum lease payments	$ 38,207	$ 337,214	$ 375,421

During fiscal year 2001, the District entered into an agreement with James River Equipment, Inc. whereby the District rented equipment for three months before leasing. Lease terms were 5.5% capital lease for the rental of an excavator with a hammer which expires on August 7, 2006 and requires annual rentals of $53,112.

Total rent expense for the years ended June 30, 2005 and 2004 was $11,950 and $1,721, respectively.

Note 8. Commitments

The balance sheet reflects true construction costs payable in the amount of $539,108 and $1,835,375 as of June 30, 2005 and 2004, respectively, for construction commitments incurred in which the services have been performed.

Note 9. Investments

The District does not hold any investments. Therefore they do not have a policy addressing investment risk.

Note 10. Restricted Net Assets

Restricted Net Assets reflects that portion of total net assets legally or contractually segregated for a specific future use. The following amounts represent restricted net assets at June 30, 2005 and 2004:

	2005	2004
Cash and temporary investments		
Debt service funds	$ 1,141,786	$ 878,842
Debt service reserve funds	1,815,025	1,597,555
Security deposits	351,829	274,597
Renewal and replacement fund	359,533	29,779
Construction fund	2,051,024	778,459
Accrued interest	(261,353)	(264,776)
Security deposits	(351,829)	(274,597)
	$ 5,106,015	$ 3,019,859

Note 11. Litigation

In May 2005, the West Virginia Department of Environmental Protection (WVDEP) filed civil action against the District alleging the District violated provisions of the West Virginia Water Pollution Act and the West Virginia National Pollutant Discharge Elimination System permit issued to the District. To date, the parties have estimated that the maximum value of the civil penalty will be between $1,000,000 and $1,500,000. Negotiations with the WVDEP have resulted in tentative agreement that satisfaction of the civil penalty may be achieved through a combination of a cash payment and a Supplemental Environmental Project (SEP). The District will be able to meet the SEP obligation through adjustment of certain planned projects, which should alleviate liability for amounts designated as SEP. Negotiations with the WVDEP have not yet concluded, but the best estimate for a civil penalty cash payment is between $100,000 and $150,000. Due to these ongoing negotiations, there is no liability recorded for the year ended June 30, 2005.

The District has numerous claims and pending legal proceedings that generally involve contract and property damage issues. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the District. In the opinion of management and the District's legal counsel, such proceedings are substantially covered by insurance, and the ultimate disposition of such proceedings are not expected to have a material adverse effect on the District's financial position, results of operations or cash flows.

The District has certain threatened litigation that involves employment issues. The amount of potential liability, if any, cannot be reasonably estimated since no lawsuits have been filed.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Schedules of Operating Expenses

For the Years Ended June 30, 2005 and 2004

	2005	2004
Collecting System Expenses		
Operations, supervision and labor	$ 404,363	$ 310,837
Supplies	89,959	45,689
Maintenance of collecting system	55,137	32,173
	$ 549,459	$ 388,699
Pumping System Expenses		
Operations, supervision and labor	$ 256,276	$ 220,485
Power purchased	183,488	187,628
Supplies	36,371	27,017
Maintenance of pumping system	79,916	64,050
	$ 556,051	$ 499,180
Treatment and Disposal Expenses		
Operations, supervision and labor	$ 430,961	$ 370,119
Chemical treatment and supplies	609,369	475,076
Maintenance of treatment system	72,074	38,390
	$ 1,112,404	$ 883,585
Customers' Accounting and Collection Expense		
Operations, supervision and labor	$ 172,236	$ 171,971
Billing, collecting and accounting	47,343	47,600
Meter readings	34,913	28,584
	$ 254,492	$ 248,155
General and Administrative Expenses		
Salaries of general officers and office salaries	$ 301,664	$ 192,885
Office supplies	23,440	26,706
Accounting and auditing	27,506	95,099
Legal	47,115	10,330
Employee welfare	748,086	786,740
Insurance	194,588	49,522
Miscellaneous	138,601	182,833
Transportation	4,210	7,388
	$ 1,485,210	$ 1,351,502
Total Operating Expenses	$ 3,957,616	$ 3,371,122

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor Program Title	Pass-Through Federal CFDA Number	Entity Identifying Number	Federal Expenditures
U.S. Environmental Protection Agency Passed-through State Division of Environmental Protection: Capitalization Grants for State Revolving Fund (Inwood Project)	66.458	C-544-003	$1,652,544

The accompanying note is an integral part of this schedule.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Note to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Berkeley County Public Service Sewer District and is presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

YHB
Yount, Hyde & Barbour, P.C.
Certified Public Accountants
and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the Public Service Board
Berkeley County Public Service Sewer District
Martinsburg, West Virginia

We have audited the financial statements of Berkeley County Public Service Sewer District as of and for the year ended June 30, 2005, and have issued our report thereon dated July 26, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Berkeley County Public Service Sewer District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Berkeley County Public Service Sewer District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-1, 05-2 and 05-3. We also noted certain matters that we have reported to management of Berkeley County Public Service Sewer District in a separate letter dated July 26, 2005.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Berkeley County Public Service Sewer District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
July 26, 2005

YHB
Yount, Hyde & Barbour, P.C.
Certified Public Accountants
and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Members of the Public Service Board
Berkeley County Public Service Sewer District
Martinsburg, West Virginia

Compliance

We have audited the compliance of Berkeley County Public Service Sewer District with the types of compliance requirements described in the "U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to its major Federal program for the year ended June 30, 2005. Berkeley County Public Service Sewer District's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of Berkeley County Public Service Sewer District's management. Our responsibility is to express an opinion on Berkeley County Public Service Sewer District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United Stated of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Berkeley County Public Service Sewer District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Berkeley County Public Service Sewer District's compliance with those requirements.

In our opinion, Berkeley County Public Service Sewer District complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Berkeley County Public Service Sewer District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Berkeley County Public Service Sewer District's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
July 26, 2005

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? X Yes ____ None Reported

Noncompliance material to financial statements noted? ____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes X No
- Reportable condition(s) identified that are not considered to be material weakness(es)? ____ Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ____ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Amount Expended
66.458	U.S. Environment Protection Agency Passed-through State Division of Environment Protection Capitalization Grants for state revolving fund	$ 1,652,544

Dollar threshold used to distinguish between type A and type B programs $ 500,000

Auditee qualified as low-risk auditee? X Yes ____ No

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

A. Reportable Conditions in Internal Control

05-1: Network Password Administration

The District has not established required password parameters on the network. As a result, minimum password lengths, password expiration, and a password history is not maintained. Network password parameters should be required in order to force users to have strong network passwords. The current network settings leave the District vulnerable to an unauthorized user logging on to the network.

During fieldwork, Yount, Hyde & Barbour, P.C. observed a District employee logging on to the network with another user's network account and password. The District should educate users on the risks associated with sharing their passwords with other employees.

05-2: Administrator Access

Currently the network administrator is the only individual that knows his password. As a result, an appropriate backup does not exist in the event the network administrator was to be absent for an extended period of time or leave the District. Furthermore, the administrator password is not changed on a regular basis. A sealed copy of the administrator password should be stored in a secure location that only a limited number of people have access to. The administrator password should be changed on at least a semi-annual basis.

05-3: Physical Security

The back door to the District's main office is left open during business hours. In addition, servers are kept in unlocked areas of the main office. Both of these practices pose a risk of a potential network intrusion, data loss, or equipment destruction. All doors should be locked during business hours or visitors should be required to sign in and/or be escorted throughout the main office.

Management's Response:

Network Password Administration

District management personnel have been made aware recently of its need to implement formal Information Technology policies after attending a seminar this summer. We have already begun our research in an effort to establish policies on items such as network security and electronic records retention. The information and recommended procedures identified by our independent auditors will be helpful in establishing the formal policies. The Network Administrator is in the process of changing the network password parameters. Additional consultation will be made with ASI to address password parameters for their application as well. A formal policy on password administration will be prepared to present to our Board of Directors at one of their next meetings.

Administrator Access

As part of the policy that addresses Network Password Administration, the District will include a section addressing the administrator access items identified by our independent auditors. We will obtain a safe deposit box to store the sealed administrator password and will limit access to the safe deposit box to the General Manager, Fiscal Officer, and General Counsel.

Physical Security

The District's back door has been left unlocked during business hours to facilitate employee access to the administration building. All customers and other visitors report to the lobby in the front of the building and are escorted by employees to their destination inside the building. The District will begin to lock the back office door during business hours.

All employees will be given a key fob which will allow them access to the administration building. Further, the network servers have not been secured due to ventilation concerns in the areas in which they are maintained. We are in the process of installing additional vents in those areas which will allow us to secure the servers behind locked doors. Our goal is to have that work completed within the next month.

B. Compliance Findings

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Summary Schedule of Prior Audit Findings and Corrective Action Plan
For the Year Ended June 30, 2005

No matters were reported in the prior fiscal year.

APPENDIX C

FORM OF OPINIONS OF BOND COUNSEL

(THIS PAGE INTENTIONALLY LEFT BLANK)

[LETTERHEAD OF STEPTOE & JOHNSON, PLLC]
(Form of Bond Counsel Opinion for Series 2006 A Bonds)

_____, 2006

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds,
Series 2006 A (Bank Qualified)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

Crews & Associates, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Berkeley County Public Service Sewer District (West Virginia) (the "Issuer") of its $_____ in aggregate principal amount Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) (the "Series 2006 A Bonds").

The Series 2006 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on July 19, 2006, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on July 19, 2006 (collectively, the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2006 A Bonds are issued in fully registered form, are dated ____ 1, 2006, upon original issuance, mature on October 1 in years and amounts and bear interest payable each April 1 and October 1, commencing October 1, 2006, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Resolution.

The Series 2006 A Bonds are issued for the purposes of (i) paying a portion of the costs necessary to currently refund all of the Issuer's outstanding Sewer Refunding 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"); (ii) partially funding a reserve account for the Series 2006 A Bonds and the Series 2006 B Bonds (as hereinafter defined) issued concurrently herewith; and (iii) paying a portion of the costs of issuance of the Series 2006 A Bonds and the Series 2006 B Bonds and other costs in connection with such refunding.

The Series 2006 A Bonds have been sold to Crews & Associates, Incorporated (the "Purchaser"), pursuant to a Bond Purchase Agreement dated _____, 2006, and accepted by the Issuer (the "Purchase Agreement").

The Series 1996 D Bonds will be defeased pursuant to a Prepayment Agreement dated the date hereof, by and between the West Virginia Municipal Bond Commission (the "Commission") and the Issuer (the "Prepayment Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2006 A Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Agreement, the Prepayment Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2006 A Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agreement and has issued and delivered the Series 2006 A Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2006 A Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. The Series 2006 A Bonds have been duly authorized, issued, executed and delivered by the Issuer 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 the Issuer's First Lien Bonds and the Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified) (the "Series 2006 B Bonds"), issued concurrently herewith, 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 all in accordance with the terms of the Series 2006 A Bonds and the Resolution, as more fully defined and described in the Resolution.

5. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2006 A Bonds (including original issue discount properly allocable to owners of the Series 2006 A Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2006 A Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Series 2006 A Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2006 A Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2006 A Bonds set forth in the Resolution, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2006 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2006 A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2006 A Bonds except as expressly set forth in paragraph 6.

6. Pursuant to Section 265(b)(3)(D)(ii) of the Code, the Series 2006 A Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2006 A Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3)(D)(ii) of the Code. Therefore, the Series 2006 A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. Under the Act, the Series 2006 A Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2006 A Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

8. The Series 1996 D Bonds have been paid within the meaning and with the effect expressed in the 1996 Resolution and the Prepayment Agreement, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1996 D Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the West Virginia Municipal Bond Commission relating to the sufficiency of the moneys on deposit in the Series 1996 D Bonds Sinking Fund to provide for the payment on _____, 2006, of the principal of and interest on the Series 1996 D Bonds.

9. The Series 2006 A Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2006 A Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2006 A Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2006 A Bonds, the Resolution, the Continuing Disclosure Agreement and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. AR-1 through AR-__ of said issue, and in our opinion, said Series 2006 A Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

[LETTERHEAD OF STEPTOE & JOHNSON, PLLC]
(Form of Bond Counsel Opinion for Series 2006 B Bonds)

_____, 2006

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds,
Series 2006 B (Non-Bank Qualified)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

Crews & Associates, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Berkeley County Public Service Sewer District (West Virginia) (the "Issuer") of its $_____ in aggregate principal amount Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified) (the "Series 2006 B Bonds").

The Series 2006 B Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on July 19, 2006, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on July 19, 2006 (collectively, the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2006 B Bonds are issued in fully registered form, are dated _____, 2006, upon original issuance, mature on October 1 in years and amounts and bear interest payable each April 1 and October 1, commencing October 1, 2006, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Resolution.

The Series 2006 B Bonds are issued for the purposes of (i) paying a portion of the costs necessary to currently refund all of the Issuer's outstanding Sewer Refunding 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"); (ii) partially funding a reserve account for the Series 2006 A Bonds and the Series 2006 B Bonds (as hereinafter defined) issued concurrently herewith; and (iii) paying a portion of the costs of issuance of the Series 2006 A Bonds and the Series 2006 B Bonds and other costs in connection with such refunding.

The Series 2006 A Bonds have been sold to Crews & Associates, Incorporated (the "Purchaser"), pursuant to a Bond Purchase Agreement dated _____, 2006, and accepted by the Issuer (the "Purchase Agreement").

The Series 1996 D Bonds will be defeased pursuant to an Prepayment Agreement dated the date hereof, by and between the West Virginia Municipal Bond Commission (the "Commission") and the Issuer (the "Prepayment Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2006 B Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Agreement, the Prepayment Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2006 B Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agreement and has issued and delivered the Series 2006 B Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2006 B Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. The Series 2006 B Bonds have been duly authorized, issued, executed and delivered by the Issuer 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 the Issuer's First Lien Bonds and the Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) (the "Series 2006 A Bonds"), issued concurrently herewith, 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 all in accordance with the terms of the Series 2006 B Bonds and the Resolution, as more fully defined and described in the Resolution.

5. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2006 B Bonds (including original issue discount properly allocable to owners of the Series 2006 B Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2006 B Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Series 2006 B Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2006 B Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2006 B Bonds set forth in the Resolution, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2006 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 2006 B Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2006 B Bonds.

6. Under the Act, the Series 2006 B Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2006 B Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

7. The Series 1996 D Bonds have been paid within the meaning and with the effect expressed in the 1996 Resolution and the Prepayment Agreement, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1996 D Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the West Virginia Municipal Bond Commission relating to the sufficiency of the moneys on deposit in the Series 1996 D Bonds Sinking Fund to provide for the payment on _____, 2006, of the principal of and interest on the Series 1996 D Bonds.

8. The Series 2006 B Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2006 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2006 B Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2006 B Bonds, the Resolution, the Continuing Disclosure Agreement and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. BR-1 through BR-__ of said issue, and in our opinion, said Series 2006 B Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate") is made and entered into by the Berkeley County Public Service Sewer District, a political subdivision of the State of West Virginia (the "Issuer"), in connection with the issuance of its $3,665,000 Sewer Refunding Revenue Bonds, Series 2006 A (Bank-Qualified) and $240,000 Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified) (collectively, the "Bonds"). The Bonds are being issued pursuant to the Issuer's Bond Resolution adopted on July 19, 2006, and its Supplemental Resolution adopted on July 19, 2006 (collectively, the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

Any filing under this Certificate may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution and the Bond Purchase Agreement dated October 6, 2006, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Certificate.

"Beneficial Owner" shall mean any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Central Post Office" shall mean the MAC, which shall receive Annual Reports and Listed Events and then electronically transmit them to the National Repositories and the State Repository.

"Dissemination Agent" shall initially mean the Issuer and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Central Post Office for delivery to each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. [As of the date of this Certificate, there is no State Repository.]

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 12 months after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2005 Fiscal Year, provide to the Central Post Office for delivery to each Repository an Annual Report, which is consistent with the requirements of Section 4 of this Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided, that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and not later than 15 days after receipt by the Issuer. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Central Post Office for delivery to each National Repository and the State Repository, if any; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Within one hundred twenty (120) days after the end of its 2006 fiscal year and each subsequent fiscal year, to the Central Post Office for delivery to each National Repository and any State Depository, unaudited general purpose financial statements of the Issuer, and

(b) Within fifteen (15) days after receipt by the Issuer of its 2006 fiscal year-end, and each subsequent fiscal year, to the Central Post Office for delivery to each National Repository and any State Repository, core financial information and operating data of the Issuer for the prior fiscal year, including (i) the audited financial statements, prepared in accordance with generally accepted auditing principles in effect from time to time, and (ii) material historical quantitative data of the type found in the Official Statement under the caption "Financial Statements of the Issuer":

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities; and

11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of any of the Listed Events, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board, the Central Post Office for delivery to the National Repository and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Certificate.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a

change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of any of the Listed Events, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it is any future Annual Report or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Certificate (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Certificate in the event of any failure of the Issuer to comply with this Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: October 19, 2006

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: _____
Chairman

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Berkeley County Public Service Sewer District

Name of Issue: $3,665,000 Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 A (Bank-Qualified) and $240,000 Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified)

Date of Issuance: October 19, 2006

Notice is hereby given that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by its covenant made in connection with the above-referenced bond issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated this _____.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: _____
Chairman

EXHIBIT B

Nationally Recognized Municipal
Securities Information Repositories
Approved by the Securities and Exchange
Commission as of October 1, 2006

Central Post Office
Website: http://www.disclosureusa.org

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
FAX: (609) 279-5962
http://www.bloomberg.com/markets/rates/municontacts.html
E-mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street, 15th Floor
New York, NY 10038
Phone: (212) 771-6999
FAX: (212) 771-7390
http://www.ftid.com
E-mail: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, NY 10041
Phone: (212) 438-4595
FAX: (212) 438-3975
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
FAX: (201) 947-0107
http://www.dpcdata.com
E-mail: nrmsir@dpcdata.com

(THIS PAGE INTENTIONALLY LEFT BLANK)

$3,665,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS
SERIES 2006 A (BANK-QUALIFIED)
and
$240,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS
SERIES 2006 B (NON BANK-QUALIFIED)

BOND PURCHASE AGREEMENT

October 6, 2006

Berkeley County Public Service Sewer District
P.O. Box 944
Martinsburg, WV 25401

Ladies and Gentlemen:

1. Crews & Associates, Inc. (the "Underwriter") offers to enter into the following agreement with you, the Berkeley County Public Service Sewer District (the "District"), which, upon your acceptance of this offer, will become binding upon you and upon the Underwriter. This offer is made subject to your acceptance by execution of this Bond Purchase Agreement (the "Purchase Contract") and its delivery to us on or before 5:00 P.M., prevailing time, today. Terms used and not defined in this Purchase Contract have the meanings given to them in the Official Statement hereinafter referred to.

2. Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Underwriter hereby agrees to purchase from you for offering to the public, and you hereby agree to sell to the Underwriter for such purpose, all (but not less than all) of $3,665,000 aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2006 A (Bank-Qualified) and $240,000 aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified) of the District (collectively, the "Bonds"), having the principal amounts and maturities and bearing interest at the rates stated in the Official Statement hereinafter referred to, at the aggregate purchase price of $3,835,217.90. This purchase price reflects an original issue discount of $84.10 and underwriter's discount of $78,100.00, plus accrued interest of $8,402.00 on the Bonds from October 1, 2006 to the date of the Closing.

3. The Bonds shall be as described in, and shall be issued pursuant to, a Bond Resolution adopted by Public Service Board of the District and effective on July 19, 2006, and a Supplemental Resolution adopted by Public Service Board of the District and effective on July 19, 2006 (together, the "Resolution" or "Bond Resolution"). The Bonds shall be secured by the net revenues collected by the District from the operation of its sewer system.

4. We agree to make a bona fide public offering of all the Bonds not in excess of the initial public offering prices (which may be expressed in terms of yields), set forth on the cover page of the Official Statement (hereinafter defined), plus interest accrued thereon from the date thereof, reserving, however, the right to change such yields or prices as the Underwriter shall deem necessary in connection with the offering of the Bonds, even after the initial offering.

5. (a) Prior to the date hereof, you have provided for our review a form of Official Statement that the District deems final as of its date, except for certain omissions in connection with the pricing of the Bonds. At the time of or before your acceptance hereof, you shall deliver to us three executed copies of the Official Statement of the District dated today relating to the Bonds (the form of which, together with the cover page and all appendices or supplements thereto as are adopted by the District in accordance herewith and other reports or statements attached thereto or included therein, is called the "Official Statement") executed on behalf of the District by its Chairman.

(b) You authorize any and all of this material, including specifically the Official Statement and the information therein contained, to be used in connection with the public-offering and sale of the Bonds. The District hereby ratifies the use by the Underwriter prior to the date hereof of the Preliminary Official Statement of the District dated October 3, 2006, in connection with the public offering of the Bonds.

(c) You agree to deliver or cause to be delivered to the Underwriter, at such address as the Underwriter shall specify, as many additional copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 CFR §240.15c2-12) (the "Rule"). You agree to deliver such additional copies of the Official Statement, complete as of its date of delivery and in form satisfactory to the Underwriter, upon acceptance hereof or as soon as practicable thereafter (but in any event within seven (7) business days after the date hereof and in sufficient time to accompany any confirmation that requests payment from any customer).

The Underwriter agrees to give notice to the District on the date after which the Underwriter shall no longer be obligated to deliver the Official Statement pursuant to paragraph (b)(4) of the Rule.

(d) From the date hereof, if, until the earlier of (i) 90 days from the end of the underwriting period or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository (but in no case less than twenty-five (25) days following the end of the underwriting period), any event occurs as a result of which, it may be necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter and, if in the opinion of the District or the Underwriter, such event requires the preparation and publication of an amendment or supplement to the Official Statement, the District, at its expense, promptly will prepare an appropriate amendment or supplement thereto (and file, or cause to be filed, the same with a nationally recognized municipal securities

information repository) so that the statements in the Official Statement as so amended or supplemented will not, in light of the circumstances under which they were made, be misleading.

6. The District represents and warrants to the Underwriter that:

(a) The District is a public corporation and political subdivision of the State of West Virginia (the "State"), established and existing under the laws of the State, and has, and at the date of the Closing will have, full legal right, power and authority (i) to enter into this Purchase Contract, (ii) to adopt the Resolution providing for the issuance of and security for the Bonds (including the pledge by the District of the net revenues collected from the operation of the sewer system), (iii) to issue, sell and deliver the Bonds to the Underwriter as provided herein; and (iv) to carry out and to consummate the transactions contemplated by this Purchase Contract, the Resolution and the Official Statement;

(b) The District has complied, and will at the Closing be in compliance, in all respects with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has duly authorized the Resolution and has duly ratified the distribution of the Preliminary Official Statement and the execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations contained in, the Bonds and this Purchase Contract and has duly authorized and approved the performance by the District of the obligations contained in the Resolution and the consummation by it of all other transactions contemplated by the Official Statement;

(d) The execution and delivery of this Purchase Contract and the Bonds and the execution of the Resolution and compliance with their respective provisions will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State of West Virginia or the United States or any applicable judgment or decree or any agreement or other instrument to which the District is a party or is otherwise subject and will not conflict with any provision of the Act;

(e) We have no reason to believe that, the financial statements relating to the District in the Official Statement do not fairly present the respective financial positions and results of operations of the District as of the dates and for the periods therein set forth;

(f) At the time of the District's acceptance hereof, the Preliminary Official Statement was and the Official Statement, as of the date hereof is, and as it may be amended or supplemented at the date of delivery to the Underwriter and at the Closing will be, true and correct in all material respects and the Preliminary Official Statement did not, and the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and, in addition, any amendments or supplements to the Official Statement prepared and furnished by the District pursuant hereto will not contain any

untrue statement of a material fact or omit to state any material facts necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(g) Between the date of this Purchase Contract and the Closing, the District will not issue any bonds, notes or other obligations for borrowed money, secured by the net revenues collected from the operation of the District's sewer system, except as described in or contemplated by the Official Statement, and without the prior written consent of the Underwriter, the District will not incur any material liabilities, direct or contingent, nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the District;

(h) No litigation is pending or, to the knowledge of the District, threatened in any court in any way restraining or to enjoining the issuance or delivery of the Bonds, or the security therefore or the proceedings or authority under which they are to be issued;

(i) To the best of your knowledge, there is no litigation pending or, to the District's knowledge, threatened against the District, wherein an unfavorable decision would adversely affect the ability of the District to carry out its obligations under the Resolution or would have a material adverse impact on the financial position or results of operations of the District;

(j) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, as the Underwriter reasonably may request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and to provide for the continuance of such qualifications, but will not subject the District to service of process in jurisdictions other than that to which the District is subject pursuant to the Act; and

(k) If between the date of this Purchase Contract and the date of the Closing an event occurs affecting the District which is materially adverse for the purpose for which the Official Statement is to be used and is not disclosed in the Official Statement, the District shall notify the Underwriter and if in the opinion of the Underwriter and counsel to the Underwriter such event requires a supplement or amendment to the Official Statement, the District will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and counsel to the Underwriter.

7. At 10:00 A.M., prevailing time, on October 19, 2006, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by you and us, you will deliver to us the Bonds in definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned; and, subject to the terms and conditions hereof, the undersigned will accept such delivery and pay the purchase price of the Bonds as set forth in Paragraph 2 hereof, by making a wire transfer in federal funds payable to the order of the District. Upon payment as aforesaid, the Bonds will be delivered to The Depository Trust Company in New York, New York, using the DTC FAST closing procedure. This payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered bonds, one for each stated maturity of

the Bonds in the aggregate principal amount of such maturity, bearing proper, duly assigned CUSIP numbers, and registered in the name of The Depository Trust Company's nominee, Cede & Co., and, if the Underwriter shall so request, will be made available to the Underwriter at least twenty-four (24) hours before the Closing for inspection and packaging.

8. The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the District contained herein and to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriter's obligations under this Purchase Contract to purchase, accept delivery of and to pay for the Bonds shall be subject to the accuracy in all material respects of the representations and warranties of the District contained herein as of the date hereof and the date of Closing, to the performance by the District of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and to the following conditions:

(a) At the time of the Closing (i) the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented since the date hereof except as may have been agreed to in writing by us, and you shall have duly adopted and there shall be in full force and effect such additional agreements, as shall, in the opinion of Steptoe & Johnson PLLC, Bond Counsel, be necessary in connection with the transactions contemplated hereby; (ii) the District shall perform or have performed all of its obligations required under or specified in this Purchase Contract and the Resolution to be performed at, simultaneously with or prior to the Closing; and (iii) the Bonds shall have been executed and authenticated in accordance with the Resolution.

(b) We may terminate this agreement by notification to you if at any time subsequent to the date hereof and at or prior to the Closing, (i) legislation shall be enacted by the Congress or adopted by either House thereof or a decision by a Court of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made, with respect to Federal taxation upon revenues or other income of the general character expected to be derived by you and pledged under the Resolution or upon interest received on bonds of the general character of the Bonds or which would have the effect of changing, directly or indirectly, the Federal income tax treatment of interest on bonds of the general character of the Bonds in the hands of the holders thereof, which in our opinion materially affects the market price of the Bonds; or (ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds is in violation of any provisions of the Securities Act of 1933, as amended or of the Trust Indenture Act of 1939, as amended; or (iii) legislation shall be enacted by the Congress or adopted by either House, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that securities of the District or any similar public body are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended or the

Trust Indenture Act of 1939, as amended; (iv) the United States shall have become engaged in hostilities that have resulted in a declaration of war or a national emergency; (v) other than conflicts underway involving the United States government as of the date hereof, a war involving the United States which shall have been declared, or any conflict involving the armed forces of the United States which shall have escalated, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for the Bonds, or the sale, at the contemplated offering prices by the Underwriter as to the Bonds; (vi) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by United States or New York or West Virginia State authorities, which in our opinion materially affects the market price of the Bonds; (vii) an event described in paragraph 6(k) hereof occurs which in our opinion requires a supplement or amendment to the Official Statement; or (viii) the market for the Bonds or the sale thereof by the Underwriter at the contemplated offering prices shall have been materially and adversely affected, in the opinion of the Underwriter, by reason of the fact that there has occurred a default with respect to the payment of principal of or interest on the debt obligations of, or the institution of proceedings under the Federal bankruptcy laws by or against, any state of the United States or public agency thereof or any city located in the United States with a population of more than 500,000;

(c) At or prior to the Closing, we shall receive the following documents:

(1) The Official Statement of the District, executed on behalf of the District by its Chairman;

(2) Fully authorized Resolution;

(3) An opinion, dated the date of the Closing and addressed to the District, of Steptoe & Johnson PLLC, Bond Counsel, in substantially the form attached as Appendix C to the Official Statement, and an unqualified opinion of such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that such opinion addressed to the District may be relied upon by the Underwriter to the same extent as if such opinion were addressed to them;

(4) A supplemental bond counsel opinion, dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, to the effect that (i) this Purchase Contract has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the District; (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (iii) the statements contained in the Official Statement under the caption "Tax Matters" are true and accurate in all material respects and presents a fair and accurate summary and description of the matters summarized and described under such caption; and (iv) the statements contained in the Official Statement under the captions "Additional Security for the Series 2006 A Bonds," "The Series 2006 A Bonds" (except for the statements made under the sub-captions "Book-Entry Only System" with respect to The Depository Trust Company), and

"Financing Plan," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Resolution, are complete and accurate and present a fair summary of the matters referred to therein;

(5) An opinion, dated the date of Closing and addressed to the Underwriter, of William F. Rohrbaugh, counsel for the District, to the effect that (i) the District has complied with all requirements of the Act that must be satisfied upon and subsequent to issuance of the Bonds, (ii) any requirement as to legal matters as the Underwriter shall reasonably require, (iii) no litigation is pending, or to their knowledge, threatened in any court in any way affecting the existence of the District or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the District pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution or this Purchase Contract, or contesting the powers of the State with respect to the Bonds, the Resolution or this Purchase Contract or any transaction described in or contemplated by the Official Statement, (iv) that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement regarding the District of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the District, in light of the circumstances under which they were made, not misleading, and (v) the statements contained in the Official Statement under the caption "Financing Plan" and "The System," insofar as such statements contained under such caption purport to summarize certain matters set forth therein and certain provisions of the Resolution, are complete and accurate and present a fair summary of the matters referred to therein;

(6) Duly authorized and executed copies of the Continuing Disclosure Certificate, in substantially the form attached as Appendix D to the Official Statement and incorporated herein, which complies with the provisions of Rule 15c2-12(b)(5);

(7) Two counterpart originals of a transcript of all proceedings relating to the authorization and issuance of the Bonds;

(8) An opinion, dated the date of the Closing and addressed to the Underwriter, of Goodwin & Goodwin, LLP, Underwriter's Counsel, to the effect that (i) this Purchase Contract has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the Underwriter; (ii) the Continuing Disclosure Certificate complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule; and (iii) that nothing has come to our attention that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(9) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or their counsel, Goodwin & Goodwin, LLP, reasonably may deem necessary or

advisable to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the District's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the District on or prior to the date of the Closing of all agreements then to be performed and all conditions then to be satisfied by the District;

All of the opinions, letters, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter and to Goodwin & Goodwin, LLP, counsel to the Underwriter.

If you shall be unable to satisfy the conditions of the obligations of the Underwriter contained in this Purchase Contract, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor you shall be under further obligation hereunder, and the respective obligations of you and the Underwriter for the payment of expenses, as provided in Paragraph 9 hereof, shall continue in full force and effect.

9. (a) The Issuer will pay or cause to be paid from proceeds of the Bonds or otherwise (i) fees and expenses of bond counsel, counsel to the Issuer, and Underwriter's counsel; (ii) initial fees of the Registrar; (iii) costs of preparing, printing, mailing and delivering the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto; (iv) fees and expenses of the Issuer, and (v) any other costs and expenses of the issue not set forth in (b) below.

(b) The Underwriter will pay (i) sales commissions associated with marketing the Bonds; (ii) costs of qualification of the Bonds for sale under the securities or "Blue Sky" laws of various jurisdictions; (iii) initial fees relating to The Depository Trust Company; and (iv) costs and expenses incurred by the Underwriter in connection with the preparation, offering and distribution of the Bonds, including but not limited to advertising, local and long distance telephone, and travel expenses, as well as management fees in connection with such offering.

10. Any notice or other communication to be given to you under this Purchase Contract may be given by delivering the same in writing at your address set forth above, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Crews & Associates, Inc., 300 Summers Street, Suite 930, Charleston, West Virginia 25301, Attention: Gregory B. Isaacs.

11. This Purchase Contract is made solely for the benefit of you and the Underwriter and no other person shall acquire or have any right hereunder or by virtue hereof. All your representations, warranties and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriter, (b) delivery of, and payment for, the Bonds hereunder, and (c) any termination of this Purchase Contract.

12. All of the District's representations, warranties and agreements shall remain operative and in full force and effect regardless of any investigations made by the Underwriter or on its behalf, and shall survive delivery of the Bonds to the Underwriter.

13. This Purchase Contract shall be construed and enforceable in accordance with the laws of the State of West Virginia and may not be assigned by the parties hereto.

Very truly yours,

CREWS & ASSOCIATES, INC.

By: _____
Vice President

Date: October 6, 2006

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: _____
Chairman

Date: October 6, 2006

EXHIBIT A

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
Series A						
10/01/2007	Serial Coupon	3.800%	3.798%	75,000.00	100.000%	75,000.00
10/01/2008	Serial Coupon	3.800%	3.830%	145,000.00	99.942%	144,915.90
10/01/2009	Serial Coupon	3.850%	3.849%	155,000.00	100.000%	155,000.00
10/01/2010	Serial Coupon	3.900%	3.900%	160,000.00	100.000%	160,000.00
10/01/2011	Serial Coupon	3.950%	3.950%	170,000.00	100.000%	170,000.00
10/01/2012	Serial Coupon	4.000%	4.000%	170,000.00	100.000%	170,000.00
10/01/2013	Serial Coupon	4.050%	4.050%	180,000.00	100.000%	180,000.00
10/01/2014	Serial Coupon	4.100%	4.100%	190,000.00	100.000%	190,000.00
10/01/2015	Serial Coupon	4.150%	4.150%	195,000.00	100.000%	195,000.00
10/01/2016	Serial Coupon	4.200%	4.200%	205,000.00	100.000%	205,000.00
10/01/2017	Serial Coupon	4.250%	4.250%	210,000.00	100.000%	210,000.00
10/01/2018	Serial Coupon	4.300%	4.300%	220,000.00	100.000%	220,000.00
10/01/2019	Serial Coupon	4.350%	4.350%	230,000.00	100.000%	230,000.00
10/01/2020	Serial Coupon	4.400%	4.400%	240,000.00	100.000%	240,000.00
10/01/2021	Serial Coupon	4.500%	4.500%	250,000.00	100.000%	250,000.00
10/01/2025	Term 1 Coupon	4.650%	4.650%	870,000.00	100.000%	870,000.00
Series B						
10/01/2025	Serial Coupon	4.800%	4.800%	240,000.00	100.000%	240,000.00
Total	-	-	-	**$3,905,000.00**	-	**$3,904,915.90**

Extraordinary Redemption

The Bonds shall also be subject to redemption if there should occur any damage to or destruction of the System or any condemnation of title to or the use of the System, the applicable Bonds shall be subject to redemption at any time at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date from any condemnation awards or insurance proceeds which are not used to repair, rebuild or rearrange the System.

Optional Redemption

The Bonds maturing on and after October 1, 2012, are subject to redemption at the option of the District, prior to maturity, on or after April 1, 2012, in whole or in part at any time from amounts deposited with the Bond Commission by the District or from other funds available therefore at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Bonds shall be called for optional redemption, the particular maturities of the Bonds to be redeemed shall be selected by the District in such manner as it shall determine. So long as the Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Bonds to be credited with any partial redemption shall be made as described herein under "BOOK-ENTRY ONLY SYSTEM" in the Official Statement.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is made and entered into between the Berkeley County Public Service Sewer District, a political subdivision of the State of West Virginia (the "Issuer"), and United Bank, Inc., Charleston, West Virginia, a state banking corporation (the "Bank"), in connection with the Issuer's issuance of its $3,665,000 Sewer Refunding Revenue Bonds, Series 2006 A (Bank-Qualified) and $240,000 Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified) (collectively, the "Bonds"). The Bonds are being issued pursuant to the Issuer's Bond Resolution adopted on July 19, 2006, and its Supplemental Resolution adopted on July 19, 2006 (collectively, the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Agreement. This Agreement is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

Any filing under this Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution and the Bond Purchase Agreement dated October 6, 2006, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Agreement.

"Beneficial Owner" shall mean any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Central Post Office" shall mean the MAC, which shall receive Annual Reports and Listed Events and then electronically transmit them to the National Repositories and the State Repository.

"Dissemination Agent" shall initially mean the Issuer and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Central Post Office for delivery to each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. [As of the date of this Agreement, there is no State Repository.]

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 12 months after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2005 Fiscal Year, provide to the Central Post Office for delivery to each Repository an Annual Report, which is consistent with the requirements of Section 4 of this Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement; provided, that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and not later than 15 days after receipt by the Issuer. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Central Post Office for delivery to each National Repository and the State Repository, if any; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Within one hundred twenty (120) days after the end of its 2006 fiscal year and each subsequent fiscal year, to the Central Post Office for delivery to each National Repository and any State Depository, unaudited general purpose financial statements of the Issuer, and

(b) Within fifteen (15) days after receipt by the Issuer of its 2006 fiscal year-end, and each subsequent fiscal year, to the Central Post Office for delivery to each National Repository and any State Repository, core financial information and operating data of the Issuer for the prior fiscal year, including (i) the audited financial statements, prepared in accordance with generally accepted auditing principles in effect from time to time, and (ii) material historical quantitative data of the type found in the Official Statement under the caption "Financial Statements of the Issuer":

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities; and

11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of any of the Listed Events, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board, the Central Post Office for delivery to the National Repository and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Issuer and the Bank may amend this Agreement by mutual consent, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Report for the year in

which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it is any future Annual Report or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Agreement (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Agreement shall inure solely to the benefit of the Issuer, the Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: October 19, 2006

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: _____
Chairman

UNITED BANK, INC.

By: _____
Vice President

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Berkeley County Public Service Sewer District

Name of Issue: $3,665,000 Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 A (Bank-Qualified) and $240,000 Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified)

Date of Issuance: October 19, 2006

Notice is hereby given that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by its covenant made in connection with the above-referenced bond issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated this _____.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: _____
Chairman

EXHIBIT B

Nationally Recognized Municipal
Securities Information Repositories
Approved by the Securities and Exchange
Commission as of October 1, 2006

Central Post Office
Website: http://www.disclosureusa.org

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
FAX: (609) 279-5962
http://www.bloomberg.com/markets/rates/municontacts.html
E-mail: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street, 15th Floor
New York, NY 10038
Phone: (212) 771-6999
FAX: (212) 771-7390
http://www.ftid.com
E-mail: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, NY 10041
Phone: (212) 438-4595
FAX: (212) 438-3975
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
FAX: (201) 947-0107
http://www.dpcdata.com
E-mail: nrmsir@dpcdata.com

$3,665,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS
SERIES 2006 A (BANK-QUALIFIED)
and
$240,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REFUNDING REVENUE BONDS
SERIES 2006 B (NON BANK-QUALIFIED)

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Crews & Associates, Inc. (the "Underwriter") that he is the duly appointed and acting Chairman of the Berkeley County Public Service Sewer District (the "District"), authorized to execute and deliver this Certificate and further certifies on behalf of the District to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the District 's Sewer Refunding Revenue Bonds, Series 2006 A (Bank-Qualified) and its Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified) (collectively, the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated October 3, 2006, setting forth information concerning the Bonds and the issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, the identity of the Underwriter and other terms of the Bonds and any underlying obligations depending on such matters, all with respect to the Bonds and any underlying obligations.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final bond purchase agreement, any event occurs as a result of which the Preliminary Official Statement might include an 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, the District shall promptly notify the Underwriter thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 19th day of October, 2006.

By: _____
Chairman

$3,905,000

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Susquehanna Bank, a state banking association in Martinsburg, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Berkeley County Public Service Sewer District (the "Issuer"), adopted July 19, 2006, a Supplemental Parameters Resolution of the Issuer adopted July 19, 2006, and a Second Supplemental Resolution adopted October 17, 2006 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified), dated October 1, 2006, in the principal amount of $3,665,000 and the Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified), dated October 1, 2006, in the principal amount of $240,000 (collectively, the "Series 2006 Bonds"), and agrees to serve as Depository Bank in connection with the Series 2006 Bonds, all as set forth in the Bond Legislation.

WITNESS my signature this 19th day of October, 2006.

SUSQUEHANNA BANK

By: Jeanette E. Caplan
Its: Authorized Officer

10/13/06
067740.00017

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer and Co-Issuer(s), if applicable]

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
[Name of Issuer and Co-issuer(s), if applicable]

June 6, 2006
[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 25th Floor]
[For Corporate Issues:
General Counsel's Office; 22nd Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____

Very truly yours,

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
(Issuer)

By: _____
(Authorized Officer's Signature)

John C. Kunkle, Chairman
(Print Name)

65 District Way
(Street Address)

Martinsburg WV 25401
(City) (State) (Country) (Zip Code)

(304) 263-8566
(Phone Number)

(E-mail Address)

DTCC.

The Depository Trust & Clearing Corporation

[3/05]

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue,and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and **www.dtc.org**.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner")is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

$3,905,000

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
and
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 19th day of October, 2006, by and between BERKELEY COUNTY PUBLIC SERVICE DISTRICT, a public service district, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and UNITED BANK, INC., Charleston, a state banking corporation (the "Bank").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $3,905,000 aggregate principal amount of in fully registered form Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified) and Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified) (collectively, the "Series 2006 Bonds"), pursuant to a Resolution adopted July 19, 2006 as supplemented (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2006 Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Agreement does appoint the Bank to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar, as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Series 2006 Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Series 2006 Bonds for purposes of federal income taxation, 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 Bank 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 Bank'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 Bank 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 Agreement, the Issuer hereby agrees to pay to the Bank, the compensation for services rendered as provided in the annexed fee schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This 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
65 District Way
Martinsburg, West Virginia 25401
Attention: Chairman

REGISTRAR: United Bank, Inc.
500 Virginia Street, East
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Bank is hereby requested and authorized to authenticate and deliver the Series 2004 Bonds in accordance with the Bond Legislation.

9. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

10. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

By: _____
Its: Chairman

UNITED BANK, INC.

By: _____
Its: Authorized Officer

10/16/06
067780.00017

FEE SCHEDULE

(On File With Issuer)

WEST VIRGINIA
Water Development Authority

Celebrating 32 Years of Service 1974 - 2006

$3,905,000
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)
And
Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

CONSENT

In reliance upon the certificate of Yount, Hyde & Barbour, P.C., independent certified public accountants and the opinion of Steptoe & Johnson PLLC, bond counsel, stating that the coverage and parity tests 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 Refunding Revenue Bonds, Series 2006 A (Bank-Qualified) and Sewer Refunding Revenue Bonds, Series 2006 B (Non Bank-Qualified) (collectively, the "Bonds"), 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), Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) (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").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

Form **8038-G**
(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate Instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1	Issuer's name Berkeley County Public Service District	2	Issuer's employer identification number 55 ¦ 6008864
3	Number and street (or P.O. box if mail is not delivered to street address) 83 Monroe Street	Room/suite	4 Report number 3 2006-01
5	City, town, or post office, state, and ZIP code Martinsburg, West Virginia 25401	6	Date of issue December 28, 2006
7	Name of issue Water Revenue Bonds, Series 2006 (Bank Qualified)	8	CUSIP number 084246 EY9
9	Name and title of officer or legal representative whom the IRS may call for more information Paul Fisher, Executive Director	10	Telephone number of officer or legal representative (304) 267.3855

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☑ Environment (including sewage bonds)	15	9,896,939.50
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

RECEIVED
JAN 08 2007
OGDEN, UT
183 IRS-OSC

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	December 1, 2036	$ 9,896,939.50	$ 10,000,000	22.248 years	4.3605156 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	9,896,939.50
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	232,000		
25	Proceeds used for credit enhancement	25	116,116.10		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	20,209.57		
27	Proceeds used to currently refund prior issues	27	-0-		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	368,325.67
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	9,528,613.83

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	NA	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	NA	years
33	Enter the last date on which the refunded bonds will be called ▶	NA	
34	Enter the date(s) the refunded bonds were issued ▶	NA	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Calvin B. Dorsey — 12/28/06
Signature of issuer's authorized representative — Date

Calvin B. Dorsey, Chairman
Type or print name and title

For Paperwork Reduction Act Notice, see page 2 of the Instructions.

Cat. No. 63773S Form **8038-G** (Rev. 11-2000)

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

NEW ISSUE REPORT FORM

Date of Report: October 19, 2006

(See Reverse for Instructions)

ISSUE: Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 A (Bank Qualified)

ADDRESS: P. O. Box 944, Martinsburg, West Virginia 25402 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: ____ Refunding: X

REFUNDS ISSUE(S) DATED: June 15, 1996

ISSUE DATE: October 19, 2006

CLOSING DATE: October 19, 2006

ISSUE AMOUNT: $3,665,000

RATE: See attached Debt Service Schedule

1ST DEBT SERVICE DUE: April 1, 2007

1ST PRINCIPAL DUE: October 1, 2007

1ST DEBT SERVICE AMOUNT: $ 78,260.00

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esq.
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Goodwin & Goodwin, LLP
Contact Person: William K Bragg, Jr., Esquire
Phone: (304) 346-7000

CLOSING BANK: Susqueanna Bank
Contact Person: ____
Phone: ____

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Curtis Keller
Position: General Manager
Phone: (304) 263-8566 x. 211

OTHER: Crews & Associates, Inc.
Contact Person: Gregory B. Isaacs, Vice President
Phone: (304) 344-1733

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire ____ Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
____ Reserve Account: $____
____ Other: $____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT X Internal Transfer

X To Paying Agent: $ 85,442.64*
____ To Issuer $____
____ To Cons. Invest. Fund $____
X To Other: $ Reserve Account Transfer**

NOTES: *Wire to The Bank of New York on October 19, 2006 (Closing Date) for payment of the Series 1996 D Bonds on November 1, 2006.
**The District has Lehman's approval to transfer the Series 1996 D Reserve Account to the Series 2006 Reserve Account on October 19, 2006.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

CH835068.1

43A

Final

$3,665,000

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds
Series 2006A

Date	Principal	Interest	Total P+I
04/01/2007	-	78,260.00	78,260.00
10/01/2007	75,000.00	78,260.00	153,260.00
04/01/2008	-	76,835.00	76,835.00
10/01/2008	145,000.00	76,835.00	221,835.00
04/01/2009	-	74,080.00	74,080.00
10/01/2009	155,000.00	74,080.00	229,080.00
04/01/2010	-	71,096.25	71,096.25
10/01/2010	160,000.00	71,096.25	231,096.25
04/01/2011	-	67,976.25	67,976.25
10/01/2011	170,000.00	67,976.25	237,976.25
04/01/2012	-	64,618.75	64,618.75
10/01/2012	170,000.00	64,618.75	234,618.75
04/01/2013	-	61,218.75	61,218.75
10/01/2013	180,000.00	61,218.75	241,218.75
04/01/2014	-	57,573.75	57,573.75
10/01/2014	190,000.00	57,573.75	247,573.75
04/01/2015	-	53,678.75	53,678.75
10/01/2015	195,000.00	53,678.75	248,678.75
04/01/2016	-	49,632.50	49,632.50
10/01/2016	205,000.00	49,632.50	254,632.50
04/01/2017	-	45,327.50	45,327.50
10/01/2017	210,000.00	45,327.50	255,327.50
04/01/2018	-	40,865.00	40,865.00
10/01/2018	220,000.00	40,865.00	260,865.00
04/01/2019	-	36,135.00	36,135.00
10/01/2019	230,000.00	36,135.00	266,135.00
04/01/2020	-	31,132.50	31,132.50
10/01/2020	240,000.00	31,132.50	271,132.50
04/01/2021	-	25,852.50	25,852.50
10/01/2021	250,000.00	25,852.50	275,852.50
04/01/2022	-	20,227.50	20,227.50
10/01/2022	260,000.00	20,227.50	280,227.50
04/01/2023	-	14,182.50	14,182.50
10/01/2023	270,000.00	14,182.50	284,182.50
04/01/2024	-	7,905.00	7,905.00
10/01/2024	290,000.00	7,905.00	297,905.00
04/01/2025	-	1,162.50	1,162.50
10/01/2025	50,000.00	1,162.50	51,162.50
Total	**$3,665,000.00**	**$1,755,520.00**	**$5,420,520.00**

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

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

NEW ISSUE REPORT FORM

Date of Report: October 19, 2006

(See Reverse for Instructions)

ISSUE: Berkeley County Public Service Sewer District Sewer Refunding Revenue Bonds, Series 2006 B (Non-Bank Qualified)

ADDRESS: P. O. Box 944, Martinsburg, West Virginia 25402 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: _____ Refunding: X

REFUNDS ISSUE(S) DATED: June 15, 1996

ISSUE DATE: October 19, 2006

CLOSING DATE: October 19, 2006

ISSUE AMOUNT: $240,000

RATE: See attached Debt Service Schedule

1ST DEBT SERVICE DUE: April 1, 2007

1ST PRINCIPAL DUE: October 1, 2007

1ST DEBT SERVICE AMOUNT: $ 5,760.00

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esq.
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Goodwin & Goodwin, LLP
Contact Person: William K. Bragg, Jr., Esquire
Phone: (304) 346-7000

CLOSING BANK: Susqueanna Bank
Contact Person: _____
Phone: ( )

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Curtis Keller
Position: General Manager
Phone: (304) 263-8566 x. 211

OTHER: Crews & Associates, Inc.
Contact Person: Gregory B. Isaacs, Vice President
Phone: (304) 344-1733

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Other: $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire
____ Check
____ IGT
____ Internal Transfer

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH835069.1

43B

Final

$240,000

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds
Series 2006B

Date	Principal	Interest	Total P+I
04/01/2007	-	5,760.00	5,760.00
10/01/2007	-	5,760.00	5,760.00
04/01/2008	-	5,760.00	5,760.00
10/01/2008	-	5,760.00	5,760.00
04/01/2009	-	5,760.00	5,760.00
10/01/2009	-	5,760.00	5,760.00
04/01/2010	-	5,760.00	5,760.00
10/01/2010	-	5,760.00	5,760.00
04/01/2011	-	5,760.00	5,760.00
10/01/2011	-	5,760.00	5,760.00
04/01/2012	-	5,760.00	5,760.00
10/01/2012	-	5,760.00	5,760.00
04/01/2013	-	5,760.00	5,760.00
10/01/2013	-	5,760.00	5,760.00
04/01/2014	-	5,760.00	5,760.00
10/01/2014	-	5,760.00	5,760.00
04/01/2015	-	5,760.00	5,760.00
10/01/2015	-	5,760.00	5,760.00
04/01/2016	-	5,760.00	5,760.00
10/01/2016	-	5,760.00	5,760.00
04/01/2017	-	5,760.00	5,760.00
10/01/2017	-	5,760.00	5,760.00
04/01/2018	-	5,760.00	5,760.00
10/01/2018	-	5,760.00	5,760.00
04/01/2019	-	5,760.00	5,760.00
10/01/2019	-	5,760.00	5,760.00
04/01/2020	-	5,760.00	5,760.00
10/01/2020	-	5,760.00	5,760.00
04/01/2021	-	5,760.00	5,760.00
10/01/2021	-	5,760.00	5,760.00
04/01/2022	-	5,760.00	5,760.00
10/01/2022	-	5,760.00	5,760.00
04/01/2023	-	5,760.00	5,760.00
10/01/2023	-	5,760.00	5,760.00
04/01/2024	-	5,760.00	5,760.00
10/01/2024	-	5,760.00	5,760.00
04/01/2025	-	5,760.00	5,760.00
10/01/2025	240,000.00	5,760.00	245,760.00
Total	**$240,000.00**	**$218,880.00**	**$458,880.00**

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

10.18.06
067740.00017

State of West Virginia

Certificate

I, Betty Ireland, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13A OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on
October 16, 2006

Betty Ireland
Secretary of State

Quality Board, and the rights, powers, and duties of the municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article: Provided, That the jurisdiction and authority provided by this section does not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

History. (1955, c. 135; 1967, c. 105; 1994, c. 61; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "the" for "such" throughout, substituted "the" for "said" throughout, inserted "fees" following "rates" throughout; in the first paragraph, inserted "and/or stormwater system" following "existing sewer system", inserted "or stormwater system" following "such sewer system"; in the second paragraph, inserted "or stormwater" following "sewage", inserted "or stormwater facilities" following "sewer facilities"; in the fourth paragraph, added "or entire stormwater works" to the end; in the sixth paragraph, deleted "such" following "fixing" and "publication of"; in the eighth paragraph, deleted "such" preceding "rates" twice; and in the last paragraph, added the proviso.

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166, 1973 W. Va. LEXIS 244 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof.

History. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891, 1957 W. Va. LEXIS 1 (1957).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS.

Sec.
16-13A-1. Legislative findings.
16-13A-1a. Jurisdiction of the Public Service Commission.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16-13A-1c. General purpose of districts.
16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the Secretary of State.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-3a. Removal of members of public service board.
16-13A-4. Board chairman; members' compensation; procedure; district name.
16-13A-5. General manager of board.
16-13A-6. Employees of board.
16-13A-7. Acquisition and operation of district properties.
16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.
16-13A-9. Rules; service rates and charges; discontinuance of service; re-

Sec.
quired water and sewer connections; lien for delinquent fees.
16-13A-9a. Limitations with respect to foreclosure.
16-13A-10. Budget.
16-13A-11. Accounts; audit.
16-13A-12. Disbursement of district funds.
16-13A-13. Revenue bonds.
16-13A-14. Items included in cost of properties.
16-13A-15. Bonds may be secured by trust indenture.
16-13A-16. Sinking fund for revenue bonds.
16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.
16-13A-18. Operating contracts.
16-13A-18a. Sale, lease or rental of water, sewer, stormwater or gas system by district; distribution of proceeds..
16-13A-19. Statutory mortgage lien created; foreclosure thereof.
16-13A-20. Refunding revenue bonds.
16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.
16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.
16-13A-23. Validation of acts and proceedings of public service boards.
16-13A-24. Acceptance of loans, grants or temporary advances.
16-13A-25. Borrowing and bond issuance; procedure.

Effect of amendment of 2006. — Acts 2006, c. 190, effective June 8, 2006, deleted "for water, sewerage and gas services" from the article heading.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Constitutionality. — The act from which this article was derived, authorizing the creation of public service districts by the county courts of this State, defining the powers and duties of the governing boards of such districts in the acquisition, construction, maintenance, operation, improvement and extension of property supplying water and sewerage services, and authorizing the issuance of bonds of such districts payable solely from revenue to be derived from the operation of such properties, does not violate any provision of the Constitution of this State or the Fourteenth Amendment to the Constitution of the United States. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

Purpose. — The purpose of this article is to provide water and sewerage facilities in unincorporated districts. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

The title to Acts 1953, c. 147, is sufficient to give a fair and reasonable index to all of the purposes of the act. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

Public utilities. — Public service districts are "public utilities" because they are required to pay a special license fee pursuant to § 24-3-6 for support of the public service commission. 50 Op. Att'y Gen. 447 (1963).

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189, 1968 W. Va. LEXIS 149 (1968); State v. Neary, 179 W. Va. 115, 365 S.E.2d 395, 1987 W. Va. LEXIS 687 (1987); McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist, 199 W. Va. 490, 485 S.E.2d 434, 1997 W. Va. LEXIS 56 (1997).

---

§ 16-13A-1. Legislative findings.

The Legislature of the State of West Virginia hereby determines and finds that the present system of public service districts within the State has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this

effort, and to ensure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the Public Service Commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the Public Service Commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the Public Service Commission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts.

History. (1953, c. 147; 1980, c. 60; 1986, c. 81.)

Code of State Rules References. — Government of public service districts, 150 CSR 17, effective September 1, 1990.

Authority of county commissions. — The county courts (now county commissions) may not supersede the authority delegated by them to public service districts created in accordance with the provisions of this article. Op. Att'y Gen., June 27, 1973.

Public service district — Authority. — A public service district, which was created only for the purposes of furnishing water services, has no power to condemn real estate for sewerage facilities. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647, 1973 W. Va. LEXIS 254 (1973).

Public service district — Purpose. — The purpose for the creation of a public service district may be ascertained by a review of the order establishing the district and the history behind the creation of the district (the notice of hearing and hearings held prior to the creation of the district). Op. Att'y Gen., July 8, 1976.

Cited in State ex rel. APCO v. Gainer, 149 W. Va. 740, 143 S.E.2d 351, 1965 W. Va. LEXIS 317 (1965); Shobe v. Latimer, 162 W. Va. 779, 253 S.E.2d 54, 1979 W. Va. LEXIS 352 (1979).

§ 16-13A-1a. Jurisdiction of the Public Service Commission.

The jurisdiction of the Public Service Commission relating to public service districts shall be expanded to include the following powers, and such powers shall be in addition to all other powers of the Public Service Commission set forth in this code:

(a) To study, modify, approve, deny or amend the plans created under section one-b [§ 16-13A-1b] of this article for consolidation or merger of public service districts and their facilities, personnel or administration;

(b) To petition the appropriate circuit court for the removal of a public service district board member or members; and

(c) To create by general order a separate division within the Public Service Commission to provide assistance to public service districts in technological, operational, financial and regulatory matters.

History. (1986, c. 81.)

Cited in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777, 1995 W. Va. LEXIS 185 (1995).

§ 16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the Public Service Commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the Public Service Commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the Public Service Commission. For each county wherein the county commission elects not to perform its own study, the Public Service Commission shall conduct a study of such county. The Public Service Commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the Bureau of Public Health and the Division of Environmental Protection shall offer their assistance and cooperation to the Public Service Commission. Upon completion by the Public Service Commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the Public Service Commission, suggest changes or modifications thereof, and present such plan to the Public Service Commission. All county plans, whether conducted by the county commission itself or submitted as a result of a Public Service Commission study, shall, by order, be approved, disapproved or modified by the Public Service Commission in accordance with rules promulgated by the Public Service Commission and such order shall be implemented by the county commission.

History. (1986, c. 81; 1994, c. 61.)

§ 16-13A-1c. General purpose of districts.

Any territory constituting the whole or any part of one or more counties in the State so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of,

properties supplying water, sewerage or stormwater services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with: (1) The diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"); (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills"); (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"); or (4) the collection, control or disposal of stormwater (herein sometimes referred to as "stormwater system" or "stormwater systems"), or (5) the management, operation, maintenance and control of stormwater and stormwater systems (herein sometimes referred to as "stormwater management program" or "stormwater management programs"). As used in this article "stormwater system" or "stormwater systems" means a stormwater system in its entirety or any integral part thereof used to collect, control or dispose of stormwater, and includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations: Provided, That the term "stormwater system" or "stormwater systems" does not include highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways. As used in this article "stormwater management program" or "stormwater management programs" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater systems, and includes, but is not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law: Provided, however, That the term "stormwater management program" or "stormwater management programs" does not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways without the express agreement of the Commissioner of Highways.

History. (1986, c. 81; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "or stormwater" following sewerage" in the first sentence; added subdivisions (4) and (5); added the last two sentences; and made minor stylistic changes.

§ 16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the Secretary of State.

(a) The county commission of any county may propose the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district by any of the following methods: (1) On its own motion by order duly adopted, (2) upon the recommendation of the Public Service Commission, or (3) by petition of twenty-five percent of the registered voters who reside within the limits of the proposed public service district within one or more counties. The petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: Provided, That after the effective date of this section, no new public service district shall be created, enlarged, reduced, merged, dissolved or consolidated under this section without the written consent and approval of the Public Service Commission, which approval and consent shall be in accordance with rules promulgated by the Public Service Commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not the territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: Provided, however, That the same territory shall not be included within the boundaries of more than one public service district except where the territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services, stormwater services or gas facilities not being furnished within such territory or part thereof: Provided further, That no city, incorporated town or other municipal corporation shall be included within the boundaries of the proposed district except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

(b) The petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if the territory is situated in more than one county, then the petition shall be filed in the office of the clerk of the county commission of the county in which the major portion of the territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of the county at the first regular meeting after the filing or at a special meeting called for the consideration thereof.

(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. Within ten days of fixing the date of hearing, the county commission shall provide the Executive Secretary of the Public Service Commission with a copy of the order or petition and notification of the time and place of the hearing to be held by the county commission. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for the publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to the hearing.

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge,

dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the Public Service Commission for such purpose: Provided, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the Public Service Commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: Provided, however, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the Public Service Commission. The Public Service Commission may provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The Public Service Commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the Public Service Commission pursuant to this section and section one-b [§ 16-13A-1b], of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the Public Service Commission shall apply. The commission shall at all times attempt to bring about the enlargement or

merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the Secretary of State and the Public Service Commission by the first day of July of each year.

History. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1995, c. 125; 2002, c. 272; 2005, c. 195.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, in (a), capitalized "On" at the beginning of subdivision (1), and inserted "stormwater services" near the middle of the last sentence.

Effect of amendment of 2005. — Acts 2005, c. 195, effective July 8, 2005, added the second sentence in (c); and made minor stylistic changes.

Editor's notes. — Concerning the reference in (a) to "the effective date of this section," this language was added by Acts 1986, c. 81, and became effective June 6, 1986.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Constitutionality. — There is no unlawful delegation of legislative power to the county courts (now county commissions) of this State under this section in violation of W. Va. Const., art. V, § 1, and art. VI, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

There is no unconstitutional delegation of judicial functions to the county court (now county commission) made by this section. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

Authority of commission and voters. — (1) Only the county commission has the affirmative authority to create, enlarge or reduce a public service district; (2) in the absence of any action by a county commission, the requisite number of qualified voters in the affected geographic area may petition a county commission to create, enlarge or reduce a public service district, and, that upon the filing of such petition, a hearing shall be held thereon; (3) the county commission may, in its discretion, refuse to act in an affirmative manner upon such formal petition for creation, enlargement or reduction of such public service district, which action is not subject to protest or public referendum; (4) the county commission may, on its own motion or on the basis of such proper petition, enter an order creating, enlarging or reducing a public service district, which such action and order are subject to a hearing requiring proper notice, and a formal protest and public referendum depending upon the number of qualified voters who protest such action. Op. Att'y Gen., Nov. 13, 1975.

Authority of court. — A county court (now county commission) has authority to add sewerage services to the facilities of a public service district which was created for the purpose of furnishing water services, under appropriate proceedings. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647, 1973 W. Va. LEXIS 254 (1973).

Compliance. — The provisions of this section relating to the filing of the petition or motion of the county court (now county commission), the description of the territory to be embraced and like provisions are mandatory, but the use of the word "shall," in relation to the requirements for the posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647, 1973 W. Va. LEXIS 254 (1973).

Merger or consolidation of districts. — This section authorizes either merger or consolidation of public service districts. Op. Att'y Gen., June 12, 1985, No. 9.

A merger or consolidation results in one corporation which, in the case of merger, will be the corporation designated by the commissioners as the surviving corporation, and with respect to a consolidation, will be a new corporate entity. Op. Att'y Gen., June 12, 1985, No. 9.

Overlapping districts. — Where there is no bond indebtedness outstanding to be paid by a public service district, the county commission creating a public service district may under-

take to enlarge or reduce the areas of various overlapping districts or may even consolidate the overlapping districts into one district. Op. Att'y Gen., July 8, 1976.

Public corporation. — A public service district is a public corporation and does not come within the constitutional inhibition requiring all corporations to be created by general law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

Referendum. — There is no authority for voters, by written protest or otherwise, to force a referendum upon the issue of whether or not a created public service district should be continued or abolished. 52 Op. Att'y Gen. 33 (1966).

"Shall apply with like effect," etc. — Because a protest against creation triggers a referendum, the language "shall apply with like effect as if a district were being created" can mean only that a protest against enlargement or reduction likewise triggers a referendum. Op. Att'y Gen., Nov. 13, 1975.

Applied in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201, 1998 W. Va. LEXIS 217 (1998).

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395, 1987 W. Va. LEXIS 687 (1987).

§ 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, or for furnishing stormwater services for the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district, who possess certain educational, business or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the Public Service Commission in conjunction with the Division of Environmental Protection and the Bureau of Public Health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after board member's term has expired or such

board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is entitled to appoint one member of the board, and each city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district except in cases of merger or consolidation where the number of board members may equal five.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district and residing within the State of West Virginia, which three members become members of the board of the district without any further act or proceedings except in cases of merger or consolidation where the number of board members may equal five.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three except in cases of merger or consolidation where the number of board members may equal five, and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, is the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two [§ 16-13A-2] of this article, the terms of office of the existing board members shall end on the

effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the Public Service Commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four years, the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a [§ 16-13A-3a] of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the Public Service Commission, within thirty days of the appointment, the following information: The new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board. The Public Service Commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chair and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly.

History. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81; 1994, c. 61; 1997, c. 159; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "or for furnishing stormwater services for the city, town or other municipal corporation" in the second sentence of the first paragraph.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?," 98 W. Va. L. Rev. 449 (1996).

Authority of districts. — Public service districts are agents of the county commission by which they were created, having no authority other than that expressly set out in this article. Op. Att'y Gen., July 8, 1976.

Compensation for additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

Exemptions. — Public service districts of West Virginia are political subdivisions of the State, and as such, they are specifically, by express statute, exempted from the duty of paying registration fees (provided by § 17A-10-8), the privilege tax (imposed by § 17A-3-4), and the certificate of title charge (required by § 17A-3-4). 49 Op. Att'y Gen. 131 (1961).

Furnishing water to another state. — A public service district may furnish water wholesale in bulk quantities to a municipal corporation in another state. 51 Op. Att'y Gen. 739 (1966).

Applied in McCloud v. Salt Rock Water Pub. Serv. Dist., 207 W. Va. 453, 533 S.E.2d 679, 2000 W. Va. LEXIS 60 (2000).

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395, 1987 W. Va. LEXIS 687 (1987).

§ 16-13A-3a. Removal of members of public service board.

The county commission or the Public Service Commission or any other appointive body creating or establishing a public service district under the provisions of this article, or any group of five percent or more of the customers of a public service district, may petition the circuit court of the county in which the district maintains its principal office for the removal of any member of the governing board thereof for consistent violations of any provisions of this article, for reasonable cause which includes, but is not limited to, a continued failure to attend meetings of the board, failure to diligently pursue the objectives for which the district was created, or failure to perform any other duty either prescribed by law or required by a final order of the Public Service Commission or for any malfeasance in public office. Any board member charged with a violation under this section who offers a successful defense against such charges shall be reimbursed for the reasonable costs of such defense from district revenues. Such costs shall be considered as costs associated with rate determination by the public service district and the Public Service Commission. If the circuit court judge hearing the petition for removal finds that the charges are frivolous in nature, the judge may assess all or part of the court costs, plus the reasonable costs associated with the board member's defense, against the party or parties who petitioned the court for the board member's removal.

History. (1963, c. 75; 1971, c. 72; 1981, c. 124; 1986, c. 81.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Quoted in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395, 1987 W. Va. LEXIS 687 (1987).

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

(a) The chairman shall preside at all meetings of the board and may vote as

any other member of the board. If the chairman is absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting.

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with two thousand customers or more, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with four thousand or more customers, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served to the Public Service Commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter.

(c) Public service districts selling water to other water utilities for resale may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than fifty thousand dollars, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with annual revenues of fifty thousand dollars or more, but less than two hundred fifty thousand dollars, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with annual revenues of two hundred fifty thousand dollars or more, but less than five hundred thousand dollars, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with annual revenues of five hundred thousand dollars or more, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served and its annual revenue to the Public Service Commission beginning on the first day of July, two thousand, and continue each fiscal year thereafter.

(d) Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules of the board.

(e) The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-a, chapter six of this code. Emergency meetings may be called as provided for by said section. A majority of the members constituting the board also constitute a quorum to do business.

(f) The members of the board are not personally liable or responsible for any obligations of the district or the board, but are answerable only for willful misconduct in the performance of their duties. The county commission which created a district or county commissions if more than one created the district may, upon written request of the district, adopt an order changing the official name of a public service district: Provided, That such name change will not be effective until approved by the Public Service Commission of West Virginia and the owners of any bonds and notes issued by the district, if any, shall have consented, in writing, to the name change. If a district includes territory located in more than one county, the county commission or county commissions changing the name of the district shall provide any county commission into which the district also extends with a certified copy of the order changing the name of the district. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located.

History. (1953, c. 147; 1981, c. 124; 1986, c. 81; 1997, c. 159; 2000, c. 199; 2005, c. 196.)

Effect of amendment of 2000. — Acts 2000, c. 199, effective June 9, 2000, rewrote the section.

Effect of amendment of 2005. — Acts 2005, c. 196, effective July 7, 2005, rewrote the second sentence in (f) pertaining to the changing of the official or corporate name of a public service district by the public service board; and made minor stylistic changes.

Compensation for performing additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

§ 16-13A-5. General manager of board.

The board may employ a general manager to serve a term of not more than five years and until his or her successor is employed, and his or her compensation shall be fixed by resolution of the board. Such general manager shall devote all or the required portion of his or her time to the affairs of the district and may employ, discharge and fix the compensation of all employees of the district, except as in this article otherwise provided, and he or she shall perform and exercise such other powers and duties as may be conferred upon him or her by the board.

Such general manager shall be chosen without regard to his or her political affiliations and upon the sole basis of his or her administrative and technical qualifications to manage public service properties and affairs of the district and he or she may be discharged only upon the affirmative vote of two thirds of the board. Such general manager need not be a resident of the district at the time he or she is chosen. Such general manager may not be a member of the board but shall be an employee of the board.

The board of any public service district which purchases water, sewer or stormwater service from a municipal water, sewer or stormwater system or another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water, sewer or stormwater system or public service district from which such water, sewer or stormwater service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service.

History. (1953, c. 147; 1981, c. 124; 1986, c. 81; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "or stormwater" following "sewer" four times in the third paragraph, and made minor stylistic changes.

§ 16-13A-6. Employees of board.

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and expedient. The board shall in and by such resolution fix the term of employment and compensation and prescribe the duties to be performed by such employees.

History. (1953, c. 147; 1981, c. 124.)

§ 16-13A-7. Acquisition and operation of district properties.

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same, including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities. All contracts involving the expenditure by the district of more than fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two [§ 16-13A-2] of this article in the county or counties in which the district is located. The publication shall not be less than ten days

prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years.

History. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81; 1997, c. 159; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, added "including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities" to the end of the first sentence.

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.

The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

The board may construct any public service properties within or outside the district necessary or incidental to its purposes and each such district may acquire, construct, maintain and operate any such public service properties within the corporate limits of any city, incorporated town or other municipal corporation included within the district or in any unincorporated territory within ten miles of the territorial boundaries of the district: Provided, That if any incorporated city, town or other municipal corporation included within the district owns and operates either water facilities, sewer facilities, stormwater facilities or gas facilities or all of these, then the district may not acquire, construct, establish, improve or extend any public service properties of the same kind within such city, incorporated towns or other municipal corporations or the adjacent unincorporated territory served by such cities, incorporated towns or other municipal corporations, except upon the approval of the Public Service Commission, the consent of such cities, incorporated towns or other municipal corporations and in conformity and compliance with the rights

of the holders of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

Whenever such district has constructed, acquired or established water facilities, sewer facilities, a stormwater system, stormwater management program or gas facilities for water, sewer, stormwater or gas services within any city, incorporated town or other municipal corporation included within a district, then such city, incorporated town or other municipal corporation may not thereafter construct, acquire or establish any facilities of the same kind within such city, incorporated town or other municipal corporation without the consent of such district.

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That the power of eminent domain provided in this section does not extend to highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways without the express agreement of the Commissioner of Highways: Provided, however, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the Public Service Commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof.

History. (1953, c. 147; 1980, c. 60; 1981, c. 124; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, in the second paragraph, inserted "stormwater facilities" following "sewer facilities" in the proviso; in the third paragraph, inserted "a stormwater system, stormwater management program" following "sewer facilities" and "stormwater" preceding "or gas services"; in the last paragraph, added a new first proviso and redesignated the former first proviso as the second.

Eminent domain. — The grant of power of eminent domain to public service districts by this section is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

If a facility creates a nuisance this harm is simply an element of just compensation in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914, 1992 W. Va. LEXIS 210 (1992).

Public service commission, in the absence of specific statutory authority, is not empowered to determine whether particular property interests acquired or to be acquired by a utility are compensable in an eminent domain action, or to render any type of monetary judgment for such property interests. Affixing the value of the property taken is the function of the trier of fact in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423

S.E.2d 914, 1992 W. Va. LEXIS 210 (1992).

Superior right of municipality to extend public services. — If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right under this section to extend public services, such as water and/or sewer service, which were not being previously furnished to the tract by the public service district. Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201, 1998 W. Va. LEXIS 217 (1998).

When consent of municipality needed. — Where municipality has superior right to extend social services, a public service district would need the consent of the municipality and the public service commission in order to provide such services. Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201, 1998 W. Va. LEXIS 217 (1998).

Cited in 45 Op. Att'y Gen. 506 (1953).

§ 16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

(a)(1) The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district. The board shall establish rates, fees and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of the public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds under this article. The schedule of the rates, fees and charges may be based upon:

(A) The consumption of water or gas on premises connected with the facilities, taking into consideration domestic, commercial, industrial and public use of water and gas;

(B) The number and kind of fixtures connected with the facilities located on the various premises;

(C) The number of persons served by the facilities;

(D) Any combination of paragraphs (A), (B) and (C) of this subdivision; or

(E) May be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways.

(2) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate of the charges. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by

the district. Notwithstanding the provisions of section eight [§ 24-3-8], article three, chapter twenty-four of this code to the contrary, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars, with the district to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. If a district provides both water and sewer service, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage for water service or fifty dollars and the greater of a sum equal to two twelfths of the average annual usage for wastewater service of the applicant's specific customer class or fifty dollars. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another deposit equal to the greater of a sum equal to two twelfths of the average usage for the applicant's specific customer class or fifty dollars has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the Public Service Commission may prescribe: Provided, That where the customer is a tenant, the district is not required to return the deposit until the time the tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The board may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both, ten days after the water or gas services become delinquent.

(b) In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities, either water or sewer, as the case may be, then the district and the publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: Provided, That any contracts entered into by a public service district pursuant to this section shall be submitted to the Public Service Commission for approval. Any public service district providing water and sewer service to its customers has the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the

delinquent account, shall terminate its water service to the customer having the delinquent sewer account: Provided, however, That any termination of water service must comply with all rules and orders of the Public Service Commission.

(c) Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the Division of Health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any sewer facilities where sewage will flow by gravity or be transported by other methods approved by the Division of Health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9], article one, chapter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use the sewer facilities and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from the houses, dwellings and buildings where there is gravity flow or transportation by any other methods approved by the Division of Health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code and the houses, dwellings and buildings can be adequately served by the sewer facilities of the district and it is declared that the mandatory use of the sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of the districts and of the state. If the public service district requires the property owner to connect with the sewer facilities even when sewage from dwellings may not flow to the main line by gravity and the property owner incurs costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for the changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump or any other method approved by the Division of Health. Maintenance and operation costs for the extra installation should be reflected in the users charge for approval of the Public Service Commission. The circuit court shall adjudicate the merits of the petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

(d) Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near the sewer facility and the engineer for the district has certified that the sewer facilities are available to and are adequate to serve the owner, tenant or occupant and sewage will flow by gravity or be transported by other methods approved by the Division of Health from the house, dwelling or building into the sewer facilities, the district may charge, and the owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner, tenant or occupant. Rates and charges for sewage services shall be based upon actual water consumption or the average monthly water consumption based upon the owner's, tenant's or occupant's specific customer class.

(e) Whenever any district has made available a stormwater system to any owner, tenant or occupant of any real property located near the stormwater system and where stormwater from real property affects or drains into the stormwater system, it is hereby found, determined and declared that the owner, tenant or occupant is being served by the stormwater system and it is further hereby found, determined and declared that the mandatory use of the stormwater system is necessary and essential for the health and welfare of the inhabitants and residents of the district and of the State. The district may charge, and the owner, tenant or occupant shall pay the rates, fees and charges for stormwater services established under this article only after thirty-day notice of the availability of the stormwater system has been received by the owner.

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer, stormwater or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts: Provided, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor may any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the public service district to purchase the services or facilities.

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 22-11-3], article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the Division of Environmental Protection, as prescribed by section eleven [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section.

History. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61; 2002, c. 272; 2003, c. 183.)

Code of State Rules References. — Rules and regulations for the government of gas utilities and gas pipeline safety, 150 CSR 4, effective July 21, 1996.

Rules and regulations for the government of sewer utilities, 150 CSR 5, effective October 24, 2003.

Rules and regulations for the government of telephone utilities, 150 CSR 6, effective October 10, 2000.

Rules and regulations for the government of water utilities, 150 CSR 7, effective October 24, 2003.

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "fees" following "rates" throughout the section; in the first paragraph, deleted "and regulations" following "needful rules" in the first sentence, inserted a new third sentence, substituted "Where water, sewer, stormwater or gas

services, or any combination thereof" for "Where water, sewer and gas services" in the present fourth sentence; inserted the fifth paragraph; in the present sixth paragraph, inserted "stormwater systems or stormwater management systems" following "sewer facilities" and "stormwater" preceding "or gas bills" in the first sentence.

Effect of amendment of 2003. — Acts 2003, c. 183, effective June 6, 2003, added subsection designations; rewrote present (a)(2), and (c); in (d), substituted "division of health" for "bureau of public health," added "tenant or occupant" to the end of the next-to-last sentence, and added the last sentence; in (f), substituted "gas facilities or stormwater systems or stormwater management programs" for "stormwater systems or stormwater management systems or gas facilities" and added the proviso to the end; and made minor stylistic changes.

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?," 98 W. Va. L. Rev. 449 (1996).

Abandonment of private systems. — Where a public service district requires a property owner, tenant, or occupant to connect onto its sewer system and to abandon a private sewer system located on the property, such person cannot recover from the public service district the value of the private system on the ground that such abandonment constitutes a taking of private property without just compensation within the meaning of W. Va. Const., art. III, § 9. Kingmill Valley Pub. Serv. Dist. v. Riverview Estates Mobile Home Park, 182 W. Va. 116, 386 S.E.2d 483, 1989 W. Va. LEXIS 219 (1989).

Buffer-zone requirements. — Public Service Commission did not err in finding that the proposed sewage lagoons site satisfied the buffer-zone requirements. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914, 1992 W. Va. LEXIS 210 (1992).

Duty to pay. — Owners, tenants, or occupants have a duty under this section to pay rates and charges for the district sewer facilities from and after the date of receipt of notice (now 30 days after receipt) that such facilities are available. Rhodes v. Malden Pub. Serv. Dist, 171 W. Va. 645, 301 S.E.2d 601, 1983 W. Va. LEXIS 488 (1983) (construing this section prior to 1980 and 1981 amendments).

Liens. — The provision that delinquent fixed rates and charges for services rendered by a public service district shall be a lien on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes, does not deprive the owners of their property without due process of law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

Public service district liens created and enforceable under this section are subject to the recordation requirements of § 38-10C-1 so that such liens must be docketed to be enforceable against a purchaser of the property for valuable consideration, without notice. McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist, 199 W. Va. 490, 485 S.E.2d 434, 1997 W. Va. LEXIS 56 (1997).

Sewer connection requirements. — The boards of public service districts have no authority to require potential users who live outside the boundaries of the districts, but within the 10-mile limit, to hook onto the district's sewer facilities. Op. Att'y Gen., July 8, 1976.

Quoted in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777, 1995 W. Va. LEXIS 185 (1995).

§ 16-13A-9a. Limitations with respect to foreclosure.

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine [§ 16-13A-9] or nineteen [§ 16-13A-19] of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought.

History. (1982, c. 74.)

§ 16-13A-10. Budget.

The board shall establish the beginning and ending of its fiscal year, which period shall constitute its budget year, and at least thirty days prior to the beginning of the first full fiscal year after the creation of the district and annually thereafter the general manager shall prepare and submit to the board a tentative budget which shall include all operation and maintenance expenses, payments to a capital replacement account and bond payment schedules for the ensuing fiscal year. Such tentative budget shall be considered by the board, and, subject to any revisions or amendments that may be determined by the board, shall be adopted as the budget for the ensuing fiscal year. Upon adoption of the budget, a copy of the budget shall be forwarded to the county commission. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the board.

History. (1953, c. 147; 1981, c. 124.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

§ 16-13A-11. Accounts; audit.

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the Public Service Commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine [§§ 6-9-1 et seq.], chapter six of this code pertaining to the annual audit report by the state Tax Commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the Public Service Commission.

The treasurer of each public service district shall keep and preserve all financial records of the public service district for ten years, and shall at all times have such records readily available for public inspection. At the end of his term of office, the treasurer of each public service district shall promptly deliver all financial records of the public service district to his successor in office. Any treasurer of a public service district who knowingly or willfully violates any provision of this section is guilty of a misdemeanor, and shall be fined not less than one hundred dollars nor more than five hundred dollars or imprisoned in the county jail not more than ten days, or both.

History. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

§ 16-13A-12. Disbursement of district funds.

No money may be paid out by a district except upon an order signed by the chairman and secretary of such board, or such other person or persons authorized by the chairman or secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the board.

History. (1953, c. 147; 1981, c. 124.)

§ 16-13A-13. Revenue bonds.

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolu-

tion or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized.

History. (1953, c. 147; 1970, cc. 11, 12; 1970, 1st Ex. Sess., c. 2; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1989, c. 174.)

Cross references. — Procedure for borrowing and issuing bonds, § 16-13A-25.

§ 16-13A-14. Items included in cost of properties.

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, water quality improvement activities necessary to comply with all federal and state requirements; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

History. (1953, c. 147; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "for stormwater systems ... federal and state requirements" following the first phrase.

§ 16-13A-15. Bonds may be secured by trust indenture.

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that

all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee.

History. (1953, c. 147.)

§ 16-13A-16. Sinking fund for revenue bonds.

At or before the time of the issuance of any bonds under this article the board shall by resolution or in the trust indenture provide for the creation of a sinking fund and for monthly payments into such fund from the revenues of the public service properties operated by the district such sums in excess of the cost of maintenance and operation of such properties as will be sufficient to pay the accruing interest and retire the bonds at or before the time each will respectively become due and to establish and maintain reserves therefor. All sums which are or should be, in accordance with such provisions, paid into such sinking fund shall be used solely for payment of interest and for the retirement of such bonds at or prior to maturity as may be provided or required by such resolutions.

History. (1953, c. 147.)

§ 16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to enforce and compel performance of all duties required by this article or undertaken by the district in connection with the

issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided.

History. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

As to receivers, see Rule 66.

As to application of rules to writ of mandamus, see Rule 81(a)(5).

As to effect of rules on jurisdiction and venue, see Rule 82.

Mandamus. — Mandamus is a proper remedy to be pursued by the holder of a municipal revenue bond to require a municipal corporation to comply with rate covenants in its revenue bonds. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102, 1966 W. Va. LEXIS 215 (1966).

Under this section, any holder of the bonds of the Union public service district shall have the right by mandamus to enforce and compel the performance of all the duties required by statute or undertaken by the district in connection with the issuance of bonds by such district. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102, 1966 W. Va. LEXIS 215 (1966).

§ 16-13A-18. Operating contracts.

The board may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the public service properties within the district, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between the board and such persons, firms or corporations. The board shall have power to provide in the resolution authorizing the issuance of bonds, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the district as long as any of said bonds, or interest thereon, are outstanding and unpaid.

History. (1953, c. 147.)

§ 16-13A-18a. Sale, lease or rental of water, sewer, stormwater or gas system by district; distribution of proceeds.

In any case where a public service district owns a water, sewer, stormwater or gas system, and a majority of not less than sixty percent of the members of

the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer, stormwater or gas system to any municipality or privately-owned water, sewer, stormwater or gas system, or to any water, sewer, stormwater or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer, stormwater or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon: (1) The publication of notice of a hearing before the board of the public service district, as a Class I legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, in a newspaper published and of general circulation in the county or counties wherein the district is located, such publication to be made not earlier than twenty days and not later than seven days prior to the hearing; (2) approval by the county commission or commissions of the county or counties in which the district operates; and (3) approval by the Public Service Commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer, stormwater or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer, stormwater or gas system is located to be placed in the general funds of such county commission.

History. (1963, c. 75; 1981, c. 124; 1986, c. 81; 1997, c. 160; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "stormwater" following "sewer" in the section heading and throughout the section.

§ 16-13A-19. Statutory mortgage lien created; foreclosure thereof.

There shall be and is hereby created a statutory mortgage lien upon such public service properties of the district, which shall exist in favor of the holders of bonds hereby authorized to be issued, and each of them, and the coupons attached to said bonds, and such public service properties shall remain subject to such statutory mortgage lien until payment in full of all principal of and interest on such bonds. Any holder of such bonds, of any coupons attached thereto, may, either at law or in equity, enforce said statutory mortgage lien conferred hereby and upon default in the payment of the principal of or interest on said bonds, may foreclose such statutory mortgage lien in the manner now provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

History. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

In general. — The provision granting bondholders a statutory mortgage lien is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

§ 16-13A-20. Refunding revenue bonds.

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded.

History. (1953, c. 147.)

In general. — The only purpose for refunding bonds is the retirement or refinancing of outstanding bond issues of a particular district. Op. Att'y Gen., July 8, 1976.

Combination of bond issues. — Combination of two outstanding bond issues into one refunding bond issue may well be restricted by the use of the singular language in this section. Op. Att'y Gen., July 8, 1976.

Previous issuance of bonds. — This section is clearly written in language which speaks only of refunding bonds issued by any district which has previously issued bonds. Op. Att'y Gen., July 8, 1976.

§ 16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.

This article is full and complete authority for the creation of public service districts and for carrying out the powers and duties of same as herein provided. The provisions of this article shall be liberally construed to accomplish its purpose and no procedure or proceedings, notices, consents or approvals, are required in connection therewith except as may be prescribed by this article: Provided, That all functions, powers and duties of the Public Service Commission of West Virginia, the Bureau of Public Health, the Division of Environmental Protection and the Environmental Quality Board remain unaffected by this article. Every district organized, consolidated, merged or expanded under this article is a public instrumentality created and functioning in the interest and for the benefit of the public, and its property and income and any bonds issued by it are exempt from taxation by the State of West Virginia, and the other taxing bodies of the state: Provided, however, That the board of any such district may use and apply any of its available revenues and income for the payment of what such board determines to be tax or license fee equivalents to any local taxing body and in any proceedings for the issuance of bonds of such district may reserve the right to annually pay a fixed or computable sum to such taxing bodies as such tax or license fee equivalent.

History. (1953, c. 147; 1986, c. 81; 1994, c. 61.)

Constitutionality. — The tax exemption granted to the property, income, and bonds of the district does not violate W. Va. Const., art. X, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

Applied in Rhodes v. Malden Pub. Serv. Dist, 171 W. Va. 645, 301 S.E.2d 601, 1983 W. Va. LEXIS 488 (1983).

§ 16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.

All acts and proceedings taken by any county court [county commission] of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city, incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article.

History. (1958, c. 14; 1960, c. 19.)

Editor's notes. — For construction of the county court as the county commission, see W.Va. Const. art. IX, § 9.

Concerning the reference to "the date this section takes effect", Acts 1958, c. 14, which enacted this section and included this language, became effective February 1, 1958. Acts 1960, c. 19, which amended this section, provided that the act take effect January 29, 1960.

§ 16-13A-23. Validation of acts and proceedings of public service boards.

All acts and proceedings taken by any public service board the members of

which were appointed, prior to the date this section takes effect, by any county court [county commission] of this State having territorial jurisdiction thereof, are hereby validated, ratified, approved and confirmed, as to defects and irregularities which may otherwise exist on account of their appointment and qualification: Provided, however, That nothing herein contained shall be construed to excuse a criminal act.

History. (1958, c. 14; 1960, c. 19; 1965, c. 134.)

Editor's notes. — For construction of the county court as the county commission, see W.Va. Const. art. IX, § 9.

Concerning the reference to "the date this section takes effect", Acts 1965, c. 134, which amended this section, provided that the act take effect March 13, 1965.

§ 16-13A-24. Acceptance of loans, grants or temporary advances.

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems, stormwater systems or stormwater management systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system, stormwater system or associated stormwater management system or gas facilities, or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

History. (1958, c. 14; 1980, c. 60; 1981, c. 124; 1986, c. 118; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "stormwater systems or stormwater management systems" and "stormwater system or associated stormwater management system."

Permissible borrowing. — The borrowing by public service districts of money from counties and/or municipalities, as evidenced by a note, is permissible borrowing under this section. Op. Att'y Gen., May 6, 1988, No. 27.

§ 16-13A-25. Borrowing and bond issuance; procedure.

(a) Notwithstanding any other provisions of this article to the contrary, a public service district may not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen [§ 16-13A-13], twenty [§ 16-13A-20] or twenty-four [§ 16-13A-24] of this article without the prior consent and approval of the Public Service Commission: Provided, That approval of funding set forth in section eleven [§ 24-2-11], article two, chapter twenty-four of this code or this section is not required if the funding is for a project which has received a certificate of public convenience and necessity after eighth day of July, two thousand five, from the commission and where the cost of the project changes but the change does not affect the rates established for the project.

(b) The Public Service Commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, a verified statement by the board members that the public service district has complied with chapter five-g [§§ 5G-1-1 et seq.] of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to:

(1) Experience with the same engineering firm; or

(2) Completion of a construction project requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver.

(c) An engineering contract that meets one or more of the following criteria is exempt from the waiver or approval requirements:

(1) A contract with a public service district that is a Class A utility on the first day of April, two thousand three, or subsequently becomes a Class A utility as defined by commission rule;

(2) A contract with a public service district that does not require borrowing and that can be paid out of existing rates;

(3) A contract where the payment of engineering fees are contingent upon the receipt of funding, and commission approval of the funding, to construct the project which is the subject of the contract; or

(4) A contract that does not exceed fifteen thousand dollars.

(d) Requests for approval or waivers of engineering contracts shall be deemed granted thirty days after the filing date unless the staff of the Public Service Commission or a party files an objection to the request. If an objection is filed, the Public Service Commission shall issue its decision within one hundred twenty days of the filing date. In the event objection is received to a request for a waiver, the application shall be considered a request for waiver as well as a request for approval in the event a waiver is not appropriate.

(e) Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a

public service district must first obtain a certificate of public convenience and necessity from the Public Service Commission in accordance with the provision of chapter twenty-four [§§ 24-1-1 et seq.] of this code when a public service district is seeking to acquire or construct public service property.

History. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81; 1996, c. 213; 1997, c. 159; 2003, c. 184; 2005, c. 193; 2006, c. 190.)

Cross references. — Class II legal advertisement defined, § 59-3-2.

Effect of amendment of 2003. — Acts 2003, c. 184, effective June 5, 2003, added subsection designations; inserted (c) and (d); in (b), substituted "a verified statement by the board members that the public service district has complied" for "evidence of compliance," deleted "in the past two years requiring engineering services" from the end of subdivision (1), and deleted "within the past two years" preceding "requiring engineering services" in subdivision (2); and rewrote the final paragraph of the section, deleting former subdivisions (a) through (e) regarding requirements for legal advertisements giving public notice of projects.

Effect of amendment of 2005. — Acts 2005, c. 193, effective July 8, 2005, deleted the second paragraph in (e), pertaining to prefiling of plans by the public service district; and made minor stylistic changes.

Effect of amendment of 2006. — Acts 2006, c. 190, effective June 8, 2006, added the proviso to the end of (a); and made minor stylistic changes.

A.L.R. references. — Remedies for sewage treatment plant alleged or deemed to be nuisance, 101 A.L.R.5th 287.

Certificate. — Under this section, a public service district must first obtain a certificate of public convenience and necessity before it can acquire or construct public service property. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914, 1992 W. Va. LEXIS 210 (1992).

Eminent domain. — Although construction of a new facility proposed by a utility will often require the taking of private property through eminent domain, in the absence of express statutory language, the public service commission has no duty to review and decide issues that are inherent in the eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914, 1992 W. Va. LEXIS 210 (1992).

ARTICLE 13B.

COMMUNITY IMPROVEMENT ACT.

Sec.
16-13B-1. Short title.
16-13B-2. Definitions.
16-13B-3. Power and authority of counties and municipalities relating to flood relief, wastewater and water projects.
16-13B-4. Determination of need and feasibility of creating an assessment district.
16-13B-5. Notice to property owners before creation of assessment district and construction of project; form of notice; affidavit of publication.
16-13B-6. Petition of property owners for creation of assessment district.
16-13B-7. Receipt of petition of property owners; ordinance or order authorizing creation of assessment district and construction of project.
16-13B-8. Assessment district to be a public corporation and political subdivision; powers thereof; community improvement boards.
16-13B-9. Provisions for construction of a project.
16-13B-10. Notice to property owners of assessments; hearings, correcting and laying assessments; report on project completion; permits.
16-13B-11. Construction of projects; assessments; corner lots, etc.
16-13B-12. Apportionment and assessment of cost.
16-13B-13. Assessment against property of public, charitable, eleemosynary, educational or religious institutions; duty of those in charge to cause assessments to be paid.
16-13B-14. Method of paying for cost of project; how assessments may be evidenced.

BERKELEY COUNTY PSSD
Sewer Refunding Revenue Bonds
Series 2006 A and 2006 B

DTC FAST CLOSING
Thursday, October 19, 2006

SOURCES:

Series A -Par Amount		3,665,000.00
Series B - Par Amount		240,000.00
Transfer from prior issue DSR		331,093.76
Transfer from prior issue Revenue Fund		85,441.73
Series A - Accrued Interest from 10-1-06 to 10-19-06		7,826.00
Series B - Accrued Interest from 10-1-06 to 10-19-06		576.00
Series A - Original Issue Discount		(84.10)
Series B - Original Issue Discount		0.00
TOTAL SOURCES OF FUNDS		4,329,853.39

USES:

Deposit to Current Refunding Fund			3,847,813.85
Deposit to Debt Service Reserve Fund			331,093.76
Underwriters Discount			78,100.00
Costs of Issuance:			
Bond Counsel - Steptoe & Johnson	30,000.00	firm	
Underwriter's Counsel - Goodwin & Goodwin	21,000.00	firm	
Registrar Fees	650.00	firm	
Printing/Shipping - Westerfield Bonte	4,000.00	est.	
Rating Fee	7,500.00	firm	
GIC settlement fee (4-01-07)	0.00		
Underwriting Expenses - Crews			
PSA	NA		
MSRB	NA		
DTC	NA		
CUSIP	NA		
Total Costs of Issuance			63,150.00
Deposit to Bond Fund (Debt Service)			8,402.00
Rounding			1,293.78
TOTAL USES OF FUNDS			4,329,853.39

0.00 Balance Test

CONTACTS:

United Bank, Inc. (Registrar #2719)
Kathy.Smith@ubsi-wv.com
304-348-8427 Tel

Berkeley County PSSD
Curtis Keller
304-263-8566 Tel x208

DTC
212-855-3752 Tel
212-855-3753 Tel
212-855-3754 Tel

Susquehanna Bank (Depository Bank)
Janette.Caplan@Susquehanna.net
304-264-5024 Tel
Sandra Walker
304-264-5000 x11

WV Municipal Bond Commission
Sara Boardman
304-558-3971

Crews BD# 5158

WIRE INSTRUCTIONS:

From: Crews & Associates Inc. → To: Depository Bank

Costs of Issuance Account	63,150.00	Bank:	Susquehanna Bank
Rounding	1,293.78	City:	Martinsburg, WV
		ABA#:	055 0002 59
		Acct. Name:	Berkeley County PSSD
		Account No.:	3000 199 403
Total Wire	64,443.78	F/B/O:	Berkeley County PSSD

From: Crews & Associates Inc. → To: WV Municipal Bond Commission

Deposit to Series 1996 D Bonds Sinking Fund	3,762,372.12	Bank:	Branch Banking & Trust
Deposit to Series 2006 A Bonds Sinking Fund	8,402.00	City:	Charleston, WV
		ABA#:	051 5033 94
		Acct. Name:	State of West Virginia
		Account No.:	5270517317
Total Wire	3,770,774.12	F/B/O:	Berkeley PSSD Series 2006 A and B

From: Municipal Bond Commission → To: Lehman Brothers

GIC Settlement Fee on 4-01-07	7,650.00	Bank:	
		City:	
		ABA#:	
		Acct. Name:	
		Account No.:	
Total Wire	7,650.00	F/B/O:	

Final (Updated)

$3,905,000

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds
Series 2006 Refunding 1996D (BBB)

Total Issue Sources And Uses

Dated 10/01/2006 | Delivered 10/19/2006

	Bank Qualified	Non Bank Qualified	Issue Summary
Sources Of Funds			
Par Amount of Bonds	$3,665,000.00	$240,000.00	$3,905,000.00
Transfers from Prior Issue DSR Funds	331,093.76	-	331,093.76
Transfers from Prior Issue Debt Service Funds	85,442.64	-	85,442.64
Accrued Interest from 10/01/2006 to 10/19/2006	7,826.00	576.00	8,402.00
Original Issue Discount (OID)	(84.10)	-	(84.10)
Total Sources	**$4,089,278.30**	**$240,576.00**	**$4,329,854.30**
Uses Of Funds			
Deposit to Current Refunding Fund	3,770,707.45	77,107.31	3,847,814.76
Deposit to Debt Service Reserve Fund (DSRF)*	310,744.85	20,348.91	331,093.76
Total Underwriter's Discount (2.000%)	-	78,100.00	78,100.00
Costs of Issuance	-	64,443.78	64,443.78
Deposit to Debt Service Fund	7,826.00	576.00	8,402.00
Total Uses	**$4,089,278.30**	**$240,576.00**	**$4,329,854.30**

*** Debt Service Reserve Fund equal to:**
Series 2006 DSRF Requirement of $317,472.50 + $13,621.26 GIC Overage (to be released on April 1, 2007)
GIC Settlement fee of $7,650 to be released to Provider on April 1, 2007

Final (Updated)

$3,905,000

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds
Series 2006 Refunding 1996D (BBB)

Debt Service Comparison

Date	Total P+I	DSR	Net New D/S	Old Net D/S	Savings
10/01/2007	243,040.00	-	232,544.22	242,124.53	9,580.31
10/01/2008	310,190.00	-	310,190.00	326,528.76	16,338.76
10/01/2009	314,680.00	-	314,680.00	330,108.76	15,428.76
10/01/2010	313,712.50	-	313,712.50	328,023.76	14,311.26
10/01/2011	317,472.50	-	317,472.50	330,531.26	13,058.76
10/01/2012	310,757.50	-	310,757.50	327,338.76	16,581.26
10/01/2013	313,957.50	-	313,957.50	328,863.76	14,906.26
10/01/2014	316,667.50	-	316,667.50	329,743.76	13,076.26
10/01/2015	313,877.50	-	313,877.50	329,968.76	16,091.26
10/01/2016	315,785.00	-	315,785.00	329,843.76	14,058.76
10/01/2017	312,175.00	-	312,175.00	329,156.26	16,981.26
10/01/2018	313,250.00	-	313,250.00	327,906.26	14,656.26
10/01/2019	313,790.00	-	313,790.00	331,093.76	17,303.76
10/01/2020	313,785.00	-	313,785.00	328,437.50	14,652.50
10/01/2021	313,225.00	-	313,225.00	329,925.00	16,700.00
10/01/2022	311,975.00	-	311,975.00	325,550.00	13,575.00
10/01/2023	309,885.00	-	309,885.00	325,600.00	15,715.00
10/01/2024	317,330.00	-	317,330.00	329,787.50	12,457.50
10/01/2025	303,845.00	(331,093.76)	(27,248.76)	(3,268.76)	23,980.00
Total	**$5,879,400.00**	**(331,093.76)**	**$5,537,810.46**	**$5,827,263.39**	**$289,452.93**

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	265,482.13
Net PV Cashflow Savings @ 4.420%(Bond Yield)	265,482.13
Accrued Interest Credit to Debt Service Fund	8,402.00
Transfers from Prior Issue Debt Service Fund	(85,441.73)
Contingency or Rounding Amount	2,093.78
Net Present Value Benefit	$190,536.18
Net PV Benefit / $3,865,000 Refunded Principal	4.930%

Refunding Bond Information

Refunding Dated Date	10/01/2006
Refunding Delivery Date	10/19/2006

Crews & Associates
Public Finance

Final (Updated)

$3,905,000

Berkeley County Public Service Sewer District (West Virginia)

Sewer Refunding Revenue Bonds

Series 2006 Refunding 1996D (BBB)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
Series 2006A						
10/01/2007	Serial Coupon	3.800%	3.798%	75,000.00	100.000%	75,000.00
10/01/2008	Serial Coupon	3.800%	3.830%	145,000.00	99.942%	144,915.90
10/01/2009	Serial Coupon	3.850%	3.849%	155,000.00	100.000%	155,000.00
10/01/2010	Serial Coupon	3.900%	3.900%	160,000.00	100.000%	160,000.00
10/01/2011	Serial Coupon	3.950%	3.950%	170,000.00	100.000%	170,000.00
10/01/2012	Serial Coupon	4.000%	4.000%	170,000.00	100.000%	170,000.00
10/01/2013	Serial Coupon	4.050%	4.050%	180,000.00	100.000%	180,000.00
10/01/2014	Serial Coupon	4.100%	4.100%	190,000.00	100.000%	190,000.00
10/01/2015	Serial Coupon	4.150%	4.150%	195,000.00	100.000%	195,000.00
10/01/2016	Serial Coupon	4.200%	4.200%	205,000.00	100.000%	205,000.00
10/01/2017	Serial Coupon	4.250%	4.250%	210,000.00	100.000%	210,000.00
10/01/2018	Serial Coupon	4.300%	4.300%	220,000.00	100.000%	220,000.00
10/01/2019	Serial Coupon	4.350%	4.350%	230,000.00	100.000%	230,000.00
10/01/2020	Serial Coupon	4.400%	4.400%	240,000.00	100.000%	240,000.00
10/01/2021	Serial Coupon	4.500%	4.500%	250,000.00	100.000%	250,000.00
10/01/2025	Term 1 Coupon	4.650%	4.650%	870,000.00	100.000%	870,000.00
Series 2006B						
10/01/2025	Serial Coupon	4.800%	4.800%	240,000.00	100.000%	240,000.00
Total	-	-	-	**$3,905,000.00**	-	**$3,904,915.90**

Bid Information

Par Amount of Bonds	$3,905,000.00
Reoffering Premium or (Discount)	(84.10)
Gross Production	$3,904,915.90
Total Underwriter's Discount (2.000%)	$(78,100.00)
Bid (97.998%)	3,826,815.90
Accrued Interest from 10/01/2006 to 10/19/2006	8,402.00
Total Purchase Price	$3,835,217.90
Bond Year Dollars	$44,259.75
Average Life	11.334 Years
Average Coupon	4.4609380%
Net Interest Cost (NIC)	4.6375863%
True Interest Cost (TIC)	4.6583025%

Crews & Associates

Public Finance

Final (Updated)

$3,905,000

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds
Series 2006 Refunding 1996D (BBB)

Operation Of Project Construction Fund

Date	Rate	Receipts	Disbursements	Cash Balance
10/19/2006	-	3,847,813.85	-	3,847,813.85
11/01/2006	-	-	3,847,813.85	-
Total	-	**$3,847,813.85**	**$3,847,813.85**	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	GIC
Default investment yield target	Unrestricted
Cash Deposit	3,847,813.85
Total Cost of Investments	$3,847,813.85
Target Cost of Investments at bond yield	$3,842,210.99
Actual positive or (negative) arbitrage	(5,602.86)
Yield to Receipt	-
Yield for Arbitrage Purposes	4.4196515%
State and Local Government Series (SLGS) rates for	10/04/2006

Final (Updated)

$3,905,000

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds
Series 2006 Refunding 1996D (BBB)

Proof Of Bond Yield @ 4.4196515%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
10/19/2006	-	1.0000000x	-	-
04/01/2007	84,020.00	0.9805204x	82,383.32	82,383.32
10/01/2007	159,020.00	0.9593210x	152,551.23	234,934.55
04/01/2008	82,595.00	0.9385801x	77,522.02	312,456.57
10/01/2008	227,595.00	0.9182875x	208,997.64	521,454.22
04/01/2009	79,840.00	0.8984337x	71,730.95	593,185.16
10/01/2009	234,840.00	0.8790091x	206,426.50	799,611.66
04/01/2010	76,856.25	0.8600045x	66,096.72	865,708.38
10/01/2010	236,856.25	0.8414108x	199,293.41	1,065,001.79
04/01/2011	73,736.25	0.8232191x	60,701.09	1,125,702.88
10/01/2011	243,736.25	0.8054207x	196,310.22	1,322,013.10
04/01/2012	70,378.75	0.7880071x	55,458.96	1,377,472.05
10/01/2012	240,378.75	0.7709700x	185,324.81	1,562,796.86
04/01/2013	66,978.75	0.7543013x	50,522.16	1,613,319.02
10/01/2013	246,978.75	0.7379929x	182,268.57	1,795,587.59
04/01/2014	63,333.75	0.7220372x	45,729.32	1,841,316.91
10/01/2014	253,333.75	0.7064264x	178,961.64	2,020,278.55
04/01/2015	59,438.75	0.6911531x	41,081.28	2,061,359.82
10/01/2015	254,438.75	0.6762100x	172,054.03	2,233,413.85
04/01/2016	55,392.50	0.6615900x	36,647.13	2,270,060.98
10/01/2016	260,392.50	0.6472861x	168,548.46	2,438,609.43
04/01/2017	51,087.50	0.6332915x	32,353.28	2,470,962.71
10/01/2017	261,087.50	0.6195994x	161,769.67	2,632,732.38
04/01/2018	46,625.00	0.6062034x	28,264.23	2,660,996.61
10/01/2018	266,625.00	0.5930970x	158,134.48	2,819,131.09
04/01/2019	41,895.00	0.5802739x	24,310.58	2,843,441.67
10/01/2019	271,895.00	0.5677281x	154,362.44	2,997,804.11
04/01/2020	36,892.50	0.5554536x	20,492.07	3,018,296.18
10/01/2020	276,892.50	0.5434444x	150,475.68	3,168,771.86
04/01/2021	31,612.50	0.5316949x	16,808.20	3,185,580.07
10/01/2021	281,612.50	0.5201994x	146,494.65	3,332,074.71
04/01/2022	25,987.50	0.5089524x	13,226.40	3,345,301.11
10/01/2022	285,987.50	0.4979486x	142,407.08	3,487,708.19
04/01/2023	19,942.50	0.4871827x	9,715.64	3,497,423.84
10/01/2023	289,942.50	0.4766496x	138,200.98	3,635,624.81
04/01/2024	13,665.00	0.4663442x	6,372.59	3,641,997.41
10/01/2024	303,665.00	0.4562616x	138,550.68	3,780,548.09
04/01/2025	6,922.50	0.4463970x	3,090.18	3,783,638.27
10/01/2025	296,922.50	0.4367457x	129,679.63	3,913,317.90
Total	**$5,879,400.00**	-	**$3,913,317.90**	-

Derivation Of Target Amount

Par Amount of Bonds	$3,905,000.00
Reoffering Premium or (Discount)	(84.10)
Accrued Interest from 10/01/2006 to 10/19/2006	8,402.00
Original Issue Proceeds	$3,913,317.90

Crews & Associates
Public Finance

Final (Updated)

$3,905,000

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds
Series 2006 Refunding 1996D (BBB)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
10/19/2006	-	-	-	-	-
10/01/2007	75,000.00	100.000%	75,000.00	0.9500000x	71,250.00
10/01/2008	145,000.00	99.942%	144,915.90	1.9500000x	282,586.01
10/01/2009	155,000.00	100.000%	155,000.00	2.9500000x	457,250.00
10/01/2010	160,000.00	100.000%	160,000.00	3.9500000x	632,000.00
10/01/2011	170,000.00	100.000%	170,000.00	4.9500000x	841,500.00
10/01/2012	170,000.00	100.000%	170,000.00	5.9500000x	1,011,500.00
10/01/2013	180,000.00	100.000%	180,000.00	6.9500000x	1,251,000.00
10/01/2014	190,000.00	100.000%	190,000.00	7.9500000x	1,510,500.00
10/01/2015	195,000.00	100.000%	195,000.00	8.9500000x	1,745,250.00
10/01/2016	205,000.00	100.000%	205,000.00	9.9500000x	2,039,750.00
10/01/2017	210,000.00	100.000%	210,000.00	10.9500000x	2,299,500.00
10/01/2018	220,000.00	100.000%	220,000.00	11.9500000x	2,629,000.00
10/01/2019	230,000.00	100.000%	230,000.00	12.9500000x	2,978,500.00
10/01/2020	240,000.00	100.000%	240,000.00	13.9500000x	3,348,000.00
10/01/2021	250,000.00	100.000%	250,000.00	14.9500000x	3,737,500.00
10/01/2022	260,000.00	100.000%	260,000.00	15.9500000x	4,147,000.00
10/01/2023	270,000.00	100.000%	270,000.00	16.9500000x	4,576,500.00
10/01/2024	290,000.00	100.000%	290,000.00	17.9500000x	5,205,500.00
10/01/2025	50,000.00	100.000%	50,000.00	18.9500000x	947,500.00
10/01/2025	240,000.00	100.000%	240,000.00	18.9500000x	4,548,000.00
Total	**$3,905,000.00**	**-**	**$3,904,915.90**	**-**	**$44,259,586.01**

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	11.334 Years
Total Interest from Debt Service	1,974,400.00
Accrued Interest from 10/01/2006 to 10/19/2006	(8,402.00)
Reoffering (Premium) or Discount	84.10
Total Interest	1,966,082.10
NIC = Interest / (Issue Price * Average Maturity)	4.4421611%
Bond Yield for Arbitrage Purposes	4.4196515%

Crews & Associates
Public Finance

Final (Updated)

$4,165,000

Berkeley County Public Service Sewer District (West Virginia)

Sewer Refunding Revenue Bonds

Series 1996D

Debt Service To Maturity And To Call

Date	Refunded Bonds	Premium	Interest to Call	D/S To Call	Principal	Coupon	Interest	Refunded D/S
10/19/2006	-	-	-	-	-	-	-	-
11/01/2006	3,755,000.00	75,100.00	17,713.85	3,847,813.85	-	-	-	-
04/01/2007	-	-	-	-	-	-	106,283.13	106,283.13
10/01/2007	-	-	-	-	115,000.00	5.250%	106,283.13	221,283.13
04/01/2008	-	-	-	-	-	-	103,264.38	103,264.38
10/01/2008	-	-	-	-	120,000.00	5.350%	103,264.38	223,264.38
04/01/2009	-	-	-	-	-	-	100,054.38	100,054.38
10/01/2009	-	-	-	-	130,000.00	5.450%	100,054.38	230,054.38
04/01/2010	-	-	-	-	-	-	96,511.88	96,511.88
10/01/2010	-	-	-	-	135,000.00	5.550%	96,511.88	231,511.88
04/01/2011	-	-	-	-	-	-	92,765.63	92,765.63
10/01/2011	-	-	-	-	145,000.00	5.650%	92,765.63	237,765.63
04/01/2012	-	-	-	-	-	-	88,669.38	88,669.38
10/01/2012	-	-	-	-	150,000.00	5.650%	88,669.38	238,669.38
04/01/2013	-	-	-	-	-	-	84,431.88	84,431.88
10/01/2013	-	-	-	-	160,000.00	5.700%	84,431.88	244,431.88
04/01/2014	-	-	-	-	-	-	79,871.88	79,871.88
10/01/2014	-	-	-	-	170,000.00	5.750%	79,871.88	249,871.88
04/01/2015	-	-	-	-	-	-	74,984.38	74,984.38
10/01/2015	-	-	-	-	180,000.00	5.625%	74,984.38	254,984.38
04/01/2016	-	-	-	-	-	-	69,921.88	69,921.88
10/01/2016	-	-	-	-	190,000.00	5.625%	69,921.88	259,921.88
04/01/2017	-	-	-	-	-	-	64,578.13	64,578.13
10/01/2017	-	-	-	-	200,000.00	5.625%	64,578.13	264,578.13
04/01/2018	-	-	-	-	-	-	58,953.13	58,953.13
10/01/2018	-	-	-	-	210,000.00	5.625%	58,953.13	268,953.13
04/01/2019	-	-	-	-	-	-	53,046.88	53,046.88
10/01/2019	-	-	-	-	225,000.00	5.625%	53,046.88	278,046.88
04/01/2020	-	-	-	-	-	-	46,718.75	46,718.75
10/01/2020	-	-	-	-	235,000.00	5.750%	46,718.75	281,718.75
04/01/2021	-	-	-	-	-	-	39,962.50	39,962.50
10/01/2021	-	-	-	-	250,000.00	5.750%	39,962.50	289,962.50
04/01/2022	-	-	-	-	-	-	32,775.00	32,775.00
10/01/2022	-	-	-	-	260,000.00	5.750%	32,775.00	292,775.00
04/01/2023	-	-	-	-	-	-	25,300.00	25,300.00
10/01/2023	-	-	-	-	275,000.00	5.750%	25,300.00	300,300.00
04/01/2024	-	-	-	-	-	-	17,393.75	17,393.75
10/01/2024	-	-	-	-	295,000.00	5.750%	17,393.75	312,393.75
04/01/2025	-	-	-	-	-	-	8,912.50	8,912.50
10/01/2025	-	-	-	-	310,000.00	5.750%	8,912.50	318,912.50
Total	**$3,755,000.00**	**$75,100.00**	**$17,713.85**	**$3,847,813.85**	**$3,755,000.00**	**-**	**$2,488,798.88**	**$6,243,798.88**

Yield Statistics

Average Life	11.619 Years
Weighted Average Maturity (Par Basis)	11.569 Years
Average Coupon	5.7043293%

Refunding Bond Information

Refunding Dated Date	10/01/2006
Refunding Delivery Date	10/19/2006

Series 1996D | SINGLE PURPOSE | 10/10/2006 | 11:23 AM

Crews & Associates

Public Finance

Final (Updated)

$3,665,000

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds
Series 2006A

Date	Principal	Interest	Total P+I
10/01/2007	75,000.00	156,520.00	231,520.00
10/01/2008	145,000.00	153,670.00	298,670.00
10/01/2009	155,000.00	148,160.00	303,160.00
10/01/2010	160,000.00	142,192.50	302,192.50
10/01/2011	170,000.00	135,952.50	305,952.50
10/01/2012	170,000.00	129,237.50	299,237.50
10/01/2013	180,000.00	122,437.50	302,437.50
10/01/2014	190,000.00	115,147.50	305,147.50
10/01/2015	195,000.00	107,357.50	302,357.50
10/01/2016	205,000.00	99,265.00	304,265.00
10/01/2017	210,000.00	90,655.00	300,655.00
10/01/2018	220,000.00	81,730.00	301,730.00
10/01/2019	230,000.00	72,270.00	302,270.00
10/01/2020	240,000.00	62,265.00	302,265.00
10/01/2021	250,000.00	51,705.00	301,705.00
10/01/2022	260,000.00	40,455.00	300,455.00
10/01/2023	270,000.00	28,365.00	298,365.00
10/01/2024	290,000.00	15,810.00	305,810.00
10/01/2025	50,000.00	2,325.00	52,325.00
Total	**$3,665,000.00**	**$1,755,520.00**	**$5,420,520.00**

Final (Updated)

$240,000

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds
Series 2006B

Date	Principal	Interest	Total P+I
10/01/2007	-	11,520.00	11,520.00
10/01/2008	-	11,520.00	11,520.00
10/01/2009	-	11,520.00	11,520.00
10/01/2010	-	11,520.00	11,520.00
10/01/2011	-	11,520.00	11,520.00
10/01/2012	-	11,520.00	11,520.00
10/01/2013	-	11,520.00	11,520.00
10/01/2014	-	11,520.00	11,520.00
10/01/2015	-	11,520.00	11,520.00
10/01/2016	-	11,520.00	11,520.00
10/01/2017	-	11,520.00	11,520.00
10/01/2018	-	11,520.00	11,520.00
10/01/2019	-	11,520.00	11,520.00
10/01/2020	-	11,520.00	11,520.00
10/01/2021	-	11,520.00	11,520.00
10/01/2022	-	11,520.00	11,520.00
10/01/2023	-	11,520.00	11,520.00
10/01/2024	-	11,520.00	11,520.00
10/01/2025	240,000.00	11,520.00	251,520.00
Total	**$240,000.00**	**$218,880.00**	**$458,880.00**

Crews & Associates
Public Finance

Final

$3,665,000

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds
Series 2006A

Date	Principal	Interest	Total P+I
04/01/2007	-	78,260.00	78,260.00
10/01/2007	75,000.00	78,260.00	153,260.00
04/01/2008	-	76,835.00	76,835.00
10/01/2008	145,000.00	76,835.00	221,835.00
04/01/2009	-	74,080.00	74,080.00
10/01/2009	155,000.00	74,080.00	229,080.00
04/01/2010	-	71,096.25	71,096.25
10/01/2010	160,000.00	71,096.25	231,096.25
04/01/2011	-	67,976.25	67,976.25
10/01/2011	170,000.00	67,976.25	237,976.25
04/01/2012	-	64,618.75	64,618.75
10/01/2012	170,000.00	64,618.75	234,618.75
04/01/2013	-	61,218.75	61,218.75
10/01/2013	180,000.00	61,218.75	241,218.75
04/01/2014	-	57,573.75	57,573.75
10/01/2014	190,000.00	57,573.75	247,573.75
04/01/2015	-	53,678.75	53,678.75
10/01/2015	195,000.00	53,678.75	248,678.75
04/01/2016	-	49,632.50	49,632.50
10/01/2016	205,000.00	49,632.50	254,632.50
04/01/2017	-	45,327.50	45,327.50
10/01/2017	210,000.00	45,327.50	255,327.50
04/01/2018	-	40,865.00	40,865.00
10/01/2018	220,000.00	40,865.00	260,865.00
04/01/2019	-	36,135.00	36,135.00
10/01/2019	230,000.00	36,135.00	266,135.00
04/01/2020	-	31,132.50	31,132.50
10/01/2020	240,000.00	31,132.50	271,132.50
04/01/2021	-	25,852.50	25,852.50
10/01/2021	250,000.00	25,852.50	275,852.50
04/01/2022	-	20,227.50	20,227.50
10/01/2022	260,000.00	20,227.50	280,227.50
04/01/2023	-	14,182.50	14,182.50
10/01/2023	270,000.00	14,182.50	284,182.50
04/01/2024	-	7,905.00	7,905.00
10/01/2024	290,000.00	7,905.00	297,905.00
04/01/2025	-	1,162.50	1,162.50
10/01/2025	50,000.00	1,162.50	51,162.50
Total	**$3,665,000.00**	**$1,755,520.00**	**$5,420,520.00**

Crews & Associates
Public Finance

Final

$240,000

Berkeley County Public Service Sewer District (West Virginia)
Sewer Refunding Revenue Bonds
Series 2006B

Date	Principal	Interest	Total P+I
04/01/2007	-	5,760.00	5,760.00
10/01/2007	-	5,760.00	5,760.00
04/01/2008	-	5,760.00	5,760.00
10/01/2008	-	5,760.00	5,760.00
04/01/2009	-	5,760.00	5,760.00
10/01/2009	-	5,760.00	5,760.00
04/01/2010	-	5,760.00	5,760.00
10/01/2010	-	5,760.00	5,760.00
04/01/2011	-	5,760.00	5,760.00
10/01/2011	-	5,760.00	5,760.00
04/01/2012	-	5,760.00	5,760.00
10/01/2012	-	5,760.00	5,760.00
04/01/2013	-	5,760.00	5,760.00
10/01/2013	-	5,760.00	5,760.00
04/01/2014	-	5,760.00	5,760.00
10/01/2014	-	5,760.00	5,760.00
04/01/2015	-	5,760.00	5,760.00
10/01/2015	-	5,760.00	5,760.00
04/01/2016	-	5,760.00	5,760.00
10/01/2016	-	5,760.00	5,760.00
04/01/2017	-	5,760.00	5,760.00
10/01/2017	-	5,760.00	5,760.00
04/01/2018	-	5,760.00	5,760.00
10/01/2018	-	5,760.00	5,760.00
04/01/2019	-	5,760.00	5,760.00
10/01/2019	-	5,760.00	5,760.00
04/01/2020	-	5,760.00	5,760.00
10/01/2020	-	5,760.00	5,760.00
04/01/2021	-	5,760.00	5,760.00
10/01/2021	-	5,760.00	5,760.00
04/01/2022	-	5,760.00	5,760.00
10/01/2022	-	5,760.00	5,760.00
04/01/2023	-	5,760.00	5,760.00
10/01/2023	-	5,760.00	5,760.00
04/01/2024	-	5,760.00	5,760.00
10/01/2024	-	5,760.00	5,760.00
04/01/2025	-	5,760.00	5,760.00
10/01/2025	240,000.00	5,760.00	245,760.00
Total	**$240,000.00**	**$218,880.00**	**$458,880.00**