

**BERKELEY COUNTY
PUBLIC SERVICE SEWER DISTRICT**

**SEWER REVENUE BONDS, SERIES 2007 B,
SEWER REVENUE BONDS, SERIES 2007 C,
SEWER REVENUE BONDS, SERIES 2007 D,
SEWER REVENUE BONDS, SERIES 2007 E AND
SEWER REVENUE BONDS, SERIES 2007 F
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

CLOSING DATE: MARCH 6, 2007

BONDS TRANSCRIPT

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PUBLIC SERVICE SEWER DISTRICT

**Sewer Revenue Bonds, Series 2007 B,
Sewer Revenue Bonds, Series 2007 C,
Sewer Revenue Bonds, Series 2007 D,
Sewer Revenue Bonds, Series 2007 E and
Sewer Revenue Bonds, Series 2007 F
(United States Department of Agriculture)**

Closing Date: March 6, 2007

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BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

**Sewer Revenue Bonds, Series 2007 B,
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Sewer Revenue Bonds, Series 2007 E and
Sewer Revenue Bonds, Series 2007 F
(United States Department of Agriculture)**

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BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE SYSTEM OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REFUNDING BONDS, SERIES 2007 B (UNITED STATES DEPARTMENT OF AGRICULTURE), NOT MORE THAN \$9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 C (UNITED STATES DEPARTMENT OF AGRICULTURE), NOT MORE THAN \$7,104,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 D (UNITED STATES DEPARTMENT OF AGRICULTURE), NOT MORE THAN NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 E (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN NOT MORE THAN \$4,999,900 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 F (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Berkeley County Public Service Sewer District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Berkeley County of said State, duly created pursuant to the Act by The County Commission of Berkeley County.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer now owns and operates a public sewerage system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing sewerage facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing sewerage facilities of the Issuer, consisting of the construction, operation and maintenance of the North Berkeley Sewer Project, Phase I, consisting of a 1,000,000 gallon per day Sequencing Batch Reactor wastewater treatment plant and approximately 40 miles of gravity sewer mains and force mains in Spring Mills, Hainesville, Bedington, Bessemer and Berkeley Station areas of Berkeley County, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is \$25,604,000, of which \$9,000,000 will be obtained from the proceeds of sale of the Series 2007 B Bonds, \$9,000,000 will be obtained from the proceeds of the sale of the Series 2007 C Bonds, \$7,104,000 will be obtained from the proceeds of the sale of the Series 2007 D Bonds, \$500,000 will be obtained from the proceeds of the sale of the Series 2007 E Bonds, and \$4,999,900 will be obtained from the proceeds of the sale of the Series 2007 F Bonds, herein authorized.

E. It is necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2007 B (United States Department of Agriculture) (the "Series 2007 B Bonds"), its Sewer Revenue Bonds, Series 2007 C (United States Department of Agriculture) (the "Series 2007 C Bonds"), its Sewer Revenue Bonds, Series 2007 D (United States Department of Agriculture) (the "Series 2007 D Bonds"), its Sewer Revenue Bonds, Series 2007 E (United States Department of Agriculture) (the "Series 2007 E Bonds"), and its Sewer Revenue Bonds, Series 2007 F (United States Department of Agriculture) (the "Series 2007 F Bonds") in the aggregate principal amount of \$30,603,900 (the "Series 2007 Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2007 Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 Bonds as to liens, pledge and source of and security for payment, being the Issuer's:

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<u>Designation</u>	<u>Lien Position</u>
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

	<u>Designation</u>	<u>Lien Position</u>
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
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

	<u>Designation</u>	<u>Lien Position</u>
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
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

<u>Designation</u>	<u>Lien Position</u>
24. Sewer Refunding Revenue Bonds, Series 2006 A, dated October 19, 2006, issued in the original aggregate principal amount of \$3,665,000 (the "Series 2006 A Bonds")	First Lien
25. Sewer Refunding Revenue Bonds, Series 2006 B, dated October 19, 2006, issued in the original aggregate principal amount of \$240,000 (the "Series 2006 B Bonds")	First Lien
26. Sewer Revenue Bonds, Series 2007 A, dated March 6, 2007 issued in the original aggregate principal amount of not more than \$3,522,500 (the "Series 2007 A Bonds")	First Lien
27. 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 Issuer also has outstanding its Sewer Capacity Improvement Fee Revenue Bonds, Series 2006 A, dated November 2, 2006, issued in the aggregate principal amount of \$15,405,000 (the "CIF Bonds"). The CIF Bonds will be repaid solely from and will be secured solely by the Capacity Improvement Fees of the Issuer and the Surplus Revenues of the System (all as more clearly hereinafter defined and described) and will not be payable from or secured by the Net Revenues of the System.

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, the Series 2006 B Bonds, and the Series 2007 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 2007 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. Prior to the issuance of the Series 2007 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 2007 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 2007 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.

H. It is in the best interest of the Issuer that the Series 2007 Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions, dated September 26, 2003, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2007 Bonds, or will have so complied prior to issuance of the Series 2007 Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2007 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"Bond Legislation" means this Resolution and all resolutions supplemental hereto and amendatory hereof.

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

"Bonds" means the Series 2007 Bonds.

"Capacity Improvement Fee" means the capacity improvement fees in the Issuer's tariff, as approved by the Public Service Commission of West Virginia, by Commission Orders entered on August 31, 2004, and March 28, 2005 in Case No.: 04-0153-PSD-T, and as may be modified by the Public Service Commission of West Virginia from time to time, which fees are paid by any developer or non-developer, as defined in the PSC Orders, which seeks sewer service within the service territory of the Issuer and which capacity improvement fees must be used for the purpose of financing upgrades to, or construction of, improvements to the System.

"Chairman" means the Chairman of the Governing Body.

"CIF Bonds" means the Sewer Capacity Improvement Fee Revenue Bonds, Series 2006 A, dated November 2, 2006, issued in the aggregate principal amount of \$15,405,000.

"CIF Resolutions" means, individually or collectively, the resolutions of the Issuer adopted October 17, 2006, authorizing the CIF Bonds.

"CIF Surplus Revenue Fund" means the fund of the Issuer, created in the CIF Resolutions, into which Surplus Revenues may be deposited.

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

"Consulting Engineers" means 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.

"Depository Bank" means Susquehanna Bank, Martinsburg, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "sewerage facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"First Lien Bonds" means, collectively, the Series 1986 B Bonds, the Series 1990 A Bonds, the Series 1994 A Bonds, the Series 1994 C Bonds, the Series 1995 A Bonds, the Series 1995 B Bonds, the Series 1996 A Bonds, the Series 1996 B Bonds, the Series 1996 C Bonds, the Series 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, the Series 2006 B Bonds and the Series 2007 A Bonds, as described in Section 1.02G hereof.

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

"Governing Body" means the Public Service Board of the Issuer.

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

"Grants" means, collectively, all grants committed for the Project.

"Herein" or "herein" means in this Bond Legislation.

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated September 26, 2003, and all amendments thereto, if any.

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

"Net Revenues" means the balance of the Gross Revenues, as defined below, remaining after deduction of Operating Expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to

exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into the Reserve Fund and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

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

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

"Prior Resolutions" means, collectively, the resolutions of the Issuer authorizing the Prior Bonds.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

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

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

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

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

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

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

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

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Series 2007 Bonds and certain of the Prior Bonds.

"Resolutions" means the Bond Legislation.

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

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

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

"Secretary" means the Secretary of the Governing Body.

"Series 2007 A Bonds" means the Sewer Revenue Bonds, Series 2007 A, issued simultaneously herewith.

"Series 2007 A Bonds Resolution" means the Resolution authorizing the Series 2007 A Bonds.

"Series 2007 Bonds" means, collectively, the Series 2007 B Bonds, the Series 2007 C Bonds, the Series 2007 D Bonds, the Series 2007 E Bonds and the Series 2007 F Bonds.

"Series 2007 B Bonds" means the Sewer Revenue Bonds, Series 2007 B (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2007 C Bonds" means the Sewer Revenue Bonds, Series 2007 C (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2007 D Bonds" means the Sewer Revenue Bonds, Series 2007 D (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2007 E Bonds" means the Sewer Revenue Bonds, Series 2007 E (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2007 F Bonds" means the Sewer Revenue Bonds, Series 2007 F (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"State" means the State of West Virginia.

"Surplus Revenues" means the Net Revenues not required by the Resolutions and Prior Resolutions to be set aside and held for the payment of or security for the Series 2007 Bonds and Prior Bonds and any bonds issued on a parity therewith, including, without limitation, the Sinking Funds and the Reserve Accounts for the Series 2007 Bonds, the Prior Bonds and any bonds issued on a parity therewith, and the Renewal and Replacement Fund required by the Resolutions and Prior Resolutions.

"System" means the complete public sewerage system of the Issuer, presently existing in its entirety or any integral part thereof, and shall include the Project and any improvements and extensions thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender;

and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$30,603,900, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2007 Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2007 Bonds of the Issuer, to be known as the "Sewer Revenue Bonds, Series 2007 B (United States Department of Agriculture)," are hereby authorized to be issued in the principal amount of \$9,000,000, and the "Sewer Revenue Bonds, Series 2007 C (United States Department of Agriculture)," are hereby authorized to be issued in the principal amount of \$9,000,000, and the "Sewer Revenue Bonds, Series 2007 D (United States Department of Agriculture)," are hereby authorized to be issued in the principal amount of \$7,104,000, the "Sewer Revenue Bonds, Series 2007 E (United States Department of Agriculture)," are hereby authorized to be issued in the principal amount of \$500,000, and the "Sewer Revenue Bonds, Series 2007 F (United States Department of Agriculture)," are hereby authorized to be issued in the principal amount of \$4,999,900 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2007 B Bonds shall be issued in single form, numbered BR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2007 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof.

The Series 2007 C Bonds shall be issued in single form, numbered CR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2007 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof.

The Series 2007 D Bonds shall be issued in single form, numbered DR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2007 D Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof.

The Series 2007 E Bonds shall be issued in single form, numbered ER-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2007 E Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof

The Series 2007 F Bonds shall be issued in single form, numbered FR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The

Series 2007 F Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof

The Series 2007 Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds.

The Series 2007 Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2007 Bonds, and the right to principal of and stated interest on the Series 2007 Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2007 Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2007 Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2007 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2007 Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2007 Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2007 Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2007 Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2007 Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2007 Bonds shall initially be fully

registered as to both principal and interest in the name of the United States of America. So long as the Series 2007 Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2007 Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2007 Bonds shall cease to be such officer of the Issuer before the Series 2007 Bonds so signed and sealed have been actually sold and delivered, such 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. The Series 2007 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2007 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2007 Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2007 Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues: Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2007 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2007 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2007 Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2007 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

\$ _____

FOR VALUE RECEIVED, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ (\$ _____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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 only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2007, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

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

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

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

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

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

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

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

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

(10) SEWER REVENUE BONDS, SERIES 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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(23) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 3, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,999,600 (THE "SERIES 2004 A BONDS");

(24) SEWER REFUNDING REVENUE BONDS, SERIES 2006 A, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,665,000 (THE "SERIES 2006 A BONDS");

(25) SEWER REFUNDING REVENUE BONDS, SERIES 2006 B, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL

AMOUNT OF \$240,000 (THE "SERIES 2006 B BONDS");

(26) SEWER REVENUE BONDS, SERIES 2007 A , DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2007 A BONDS");

(27) SEWER REVENUE BONDS, SERIES 2007 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000 (THE "SERIES 2007 C BONDS") ISSUED SIMULTANEOUSLY HEREWITH;

(28) SEWER REVENUE BONDS, SERIES 2007 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,104,000 (THE "SERIES 2007 D BONDS") ISSUED SIMULTANEOUSLY HEREWITH;

(29) SEWER REVENUE BONDS, SERIES 2007 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2007 E BONDS") ISSUED SIMULTANEOUSLY HEREWITH; AND

(30) SEWER REVENUE BONDS, SERIES 2007 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2007 F BONDS") ISSUED SIMULTANEOUSLY HEREWITH.

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

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

The Issuer also has outstanding its Sewer Capacity Improvement Fee Revenue Bonds, Series 2006 A, dated November 2, 2006, issued in the aggregate principal amount of \$15,405,000 (the "CIF Bonds"). The CIF Bonds will be repaid solely from and will be secured solely by the Capacity Improvement Fees of the Issuer and the Surplus Revenues of the System (all as more clearly hereinafter defined and described) and will not be payable from or secured by the Net Revenues of the System.

IN WITNESS WHEREOF, Berkeley County Public Service Sewer District has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

BERKELEY COUNTY PUBLIC
SERVICE SEWER DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P.O. Box 944
(P. O. Box No. or Street Address)

Martinsburg, West Virginia 25402-0944
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2007 C
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. CR-1

\$ _____

FOR VALUE RECEIVED, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ (\$ _____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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 only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2007, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

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

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

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

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

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

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

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

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

(10) SEWER REVENUE BONDS, SERIES 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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(23) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 3, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,999,600 (THE "SERIES 2004 A BONDS");

(24) SEWER REFUNDING REVENUE BONDS, SERIES 2006 A, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,665,000 (THE "SERIES 2006 A BONDS");

(25) SEWER REFUNDING REVENUE BONDS, SERIES 2006 B, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$240,000 (THE "SERIES 2006 B BONDS");

(26) SEWER REVENUE BONDS, SERIES 2007 A , DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE "SERIES 2007 A BONDS");

(27) SEWER REVENUE BONDS, SERIES 2007 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000 (THE

"SERIES 2007 B BONDS") ISSUED SIMULTANEOUSLY
HEREWITH;

(28) SEWER REVENUE BONDS, SERIES 2007 D
(UNITED STATES DEPARTMENT OF AGRICULTURE),
DATED _____, 2007, ISSUED IN THE ORIGINAL
AGGREGATE PRINCIPAL AMOUNT OF \$7,104,000 (THE
"SERIES 2007 D BONDS") ISSUED SIMULTANEOUSLY
HEREWITH;

(29) SEWER REVENUE BONDS, SERIES 2007 E
(UNITED STATES DEPARTMENT OF AGRICULTURE),
DATED _____, 2007, ISSUED IN THE ORIGINAL
AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE
"SERIES 2007 E BONDS") ISSUED SIMULTANEOUSLY
HEREWITH; AND

(30) SEWER REVENUE BONDS, SERIES 2007 F
(UNITED STATES DEPARTMENT OF AGRICULTURE),
DATED _____, 2007, ISSUED IN THE ORIGINAL
AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE
"SERIES 2007 F BONDS") ISSUED SIMULTANEOUSLY
HEREWITH.

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

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

The Issuer also has outstanding its Sewer Capacity Improvement Fee Revenue
Bonds, Series 2006 A, dated November 2, 2006, issued in the aggregate principal amount
of \$15,405,000 (the "CIF Bonds"). The CIF Bonds will be repaid solely from and will be
secured solely by the Capacity Improvement Fees of the Issuer and the Surplus Revenues of
the System (all as more clearly hereinafter defined and described) and will not be payable
from or secured by the Net Revenues of the System.

IN WITNESS WHEREOF, Berkeley County Public Service Sewer District has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

BERKELEY COUNTY PUBLIC
SERVICE SEWER DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P.O. Box 944
(P. O. Box No. or Street Address)

Martinsburg, West Virginia 25402-0944
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2007 D
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. DR-1

\$ _____

FOR VALUE RECEIVED, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ (\$ _____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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 only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2007, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

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

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

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

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(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");

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(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");

(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");

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(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");

(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");

(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");

(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");

(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");

(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");

(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");

(23) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 3, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,999,600 (THE "SERIES 2004 A BONDS");

(24) SEWER REFUNDING REVENUE BONDS, SERIES 2006 A, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,665,000 (THE "SERIES 2006 A BONDS");

(25) SEWER REFUNDING REVENUE BONDS, SERIES 2006 B, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$240,000 (THE "SERIES 2006 B BONDS");

(26) SEWER REVENUE BONDS, SERIES 2007 A , DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2007 A BONDS");

(27) SEWER REVENUE BONDS, SERIES 2007 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000 (THE

"SERIES 2007 B BONDS") ISSUED SIMULTANEOUSLY
HEREWITH;

(28) SEWER REVENUE BONDS, SERIES 2007 C
(UNITED STATES DEPARTMENT OF AGRICULTURE),
DATED _____, 2007, ISSUED IN THE ORIGINAL
AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000 (THE
"SERIES 2007 C BONDS") ISSUED SIMULTANEOUSLY
HEREWITH;

(29) SEWER REVENUE BONDS, SERIES 2007 E
(UNITED STATES DEPARTMENT OF AGRICULTURE),
DATED _____, 2007, ISSUED IN THE ORIGINAL
AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE
"SERIES 2007 E BONDS") ISSUED SIMULTANEOUSLY
HEREWITH; AND

(30) SEWER REVENUE BONDS, SERIES 2007 F
(UNITED STATES DEPARTMENT OF AGRICULTURE),
DATED _____, 2007, ISSUED IN THE ORIGINAL
AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE
"SERIES 2007 F BONDS") ISSUED SIMULTANEOUSLY
HEREWITH.

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

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

The Issuer also has outstanding its Sewer Capacity Improvement Fee Revenue
Bonds, Series 2006 A, dated November 2, 2006, issued in the aggregate principal amount
of \$15,405,000 (the "CIF Bonds"). The CIF Bonds will be repaid solely from and will be
secured solely by the Capacity Improvement Fees of the Issuer and the Surplus Revenues of
the System (all as more clearly hereinafter defined and described) and will not be payable
from or secured by the Net Revenues of the System.

IN WITNESS WHEREOF, Berkeley County Public Service Sewer District has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

BERKELEY COUNTY PUBLIC
SERVICE SEWER DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P.O. Box 944
(P. O. Box No. or Street Address)

Martinsburg, West Virginia 25402-0944
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2007 E
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. ER-1

\$ _____

FOR VALUE RECEIVED, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ (\$ _____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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 only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2007, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

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

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

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

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

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

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

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

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

(10) SEWER REVENUE BONDS, SERIES 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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(23) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 3, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,999,600 (THE "SERIES 2004 A BONDS");

(24) SEWER REFUNDING REVENUE BONDS, SERIES 2006 A, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,665,000 (THE "SERIES 2006 A BONDS");

(25) SEWER REFUNDING REVENUE BONDS, SERIES 2006 B, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$240,000 (THE "SERIES 2006 B BONDS");

(26) SEWER REVENUE BONDS, SERIES 2007 A , DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2007 A BONDS");

(27) SEWER REVENUE BONDS, SERIES 2007 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000 (THE

"SERIES 2007 B BONDS") ISSUED SIMULTANEOUSLY
HEREWITH;

(28) SEWER REVENUE BONDS, SERIES 2007 C
(UNITED STATES DEPARTMENT OF AGRICULTURE),
DATED _____, 2007, ISSUED IN THE ORIGINAL
AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000 (THE
"SERIES 2007 C BONDS") ISSUED SIMULTANEOUSLY
HEREWITH;

(29) SEWER REVENUE BONDS, SERIES 2007 D
(UNITED STATES DEPARTMENT OF AGRICULTURE),
DATED _____, 2007, ISSUED IN THE ORIGINAL
AGGREGATE PRINCIPAL AMOUNT OF \$7,104,000 (THE
"SERIES 2007 D BONDS") ISSUED SIMULTANEOUSLY
HEREWITH; AND

(30) SEWER REVENUE BONDS, SERIES 2007 F
(UNITED STATES DEPARTMENT OF AGRICULTURE),
DATED _____, 2007, ISSUED IN THE ORIGINAL
AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE
"SERIES 2007 F BONDS") ISSUED SIMULTANEOUSLY
HEREWITH.

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

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

The Issuer also has outstanding its Sewer Capacity Improvement Fee Revenue
Bonds, Series 2006 A, dated November 2, 2006, issued in the aggregate principal amount
of \$15,405,000 (the "CIF Bonds"). The CIF Bonds will be repaid solely from and will be
secured solely by the Capacity Improvement Fees of the Issuer and the Surplus Revenues of
the System (all as more clearly hereinafter defined and described) and will not be payable
from or secured by the Net Revenues of the System.

IN WITNESS WHEREOF, Berkeley County Public Service Sewer District has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

BERKELEY COUNTY PUBLIC
SERVICE SEWER DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P.O. Box 944
(P. O. Box No. or Street Address)

Martinsburg, West Virginia 25402-0944
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2007 F
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. FR-1

\$ _____

FOR VALUE RECEIVED, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ (\$ _____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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 only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2007, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

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

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

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

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

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

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

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

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

(10) SEWER REVENUE BONDS, SERIES 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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(23) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 3, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,999,600 (THE "SERIES 2004 A BONDS");

(24) SEWER REFUNDING REVENUE BONDS, SERIES 2006 A, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,665,000 (THE "SERIES 2006 A BONDS");

(25) SEWER REFUNDING REVENUE BONDS, SERIES 2006 B, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$240,000 (THE "SERIES 2006 B BONDS");

(26) SEWER REVENUE BONDS, SERIES 2007 A , DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2007 A BONDS");

(27) SEWER REVENUE BONDS, SERIES 2007 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000 (THE

"SERIES 2007 B BONDS") ISSUED SIMULTANEOUSLY
HEREWITH;

(28) SEWER REVENUE BONDS, SERIES 2007 C
(UNITED STATES DEPARTMENT OF AGRICULTURE),
DATED _____, 2007, ISSUED IN THE ORIGINAL
AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000 (THE
"SERIES 2007 C BONDS") ISSUED SIMULTANEOUSLY
HEREWITH;

(29) SEWER REVENUE BONDS, SERIES 2007 D
(UNITED STATES DEPARTMENT OF AGRICULTURE),
DATED _____, 2007, ISSUED IN THE ORIGINAL
AGGREGATE PRINCIPAL AMOUNT OF \$7,104,000 (THE
"SERIES 2007 D BONDS") ISSUED SIMULTANEOUSLY
HEREWITH; AND

(30) SEWER REVENUE BONDS, SERIES 2007 E
(UNITED STATES DEPARTMENT OF AGRICULTURE),
DATED _____, 2007, ISSUED IN THE ORIGINAL
AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE
"SERIES 2007 E BONDS") ISSUED SIMULTANEOUSLY
HEREWITH.

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

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

The Issuer also has outstanding its Sewer Capacity Improvement Fee Revenue
Bonds, Series 2006 A, dated November 2, 2006, issued in the aggregate principal amount
of \$15,405,000 (the "CIF Bonds"). The CIF Bonds will be repaid solely from and will be
secured solely by the Capacity Improvement Fees of the Issuer and the Surplus Revenues of
the System (all as more clearly hereinafter defined and described) and will not be payable
from or secured by the Net Revenues of the System.

IN WITNESS WHEREOF, Berkeley County Public Service Sewer District has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

BERKELEY COUNTY PUBLIC
SERVICE SEWER DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P.O. Box 944
(P. O. Box No. or Street Address)

Martinsburg, West Virginia 25402-0944
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank 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); and
- (4) Series 2007 Project Construction Account.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2007 B Bonds Reserve Account;
- (2) Series 2007 C Bonds Reserve Account;
- (3) Series 2007 D Bonds Reserve Account;
- (4) Series 2007 E Bonds Reserve Account; and
- (5) Series 2007 F Bonds Reserve Account.

Section 4.03. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2007 Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The monies in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2007 Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.03, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.04. Covenants of the Issuer as to System Revenues and Funds.

So long as any of the Series 2007 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2007 Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2007 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2007 Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions 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 provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month 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 Bond Commission or the National Finance Office, as applicable (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay interest on the First Lien Bonds; (ii) the amounts required by the Series 2007 A Bonds Resolution to pay interest on the Series 2007 A Bonds; (iii) beginning 30 days following the Closing Date, remit to the National Finance Office, the amount required to pay the interest on the Series 2007 B Bonds; then, beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amount required to amortize the interest on the Series 2007 B Bonds over the life of the Bond issue; (iv) beginning 30 days following the Closing Date, remit to the National Finance Office, the amount required to pay the interest on the Series 2007 C Bonds; then, beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amount required to amortize the interest on the Series 2007 C Bonds over the life of the Bond issue; (v) beginning 30 days following the Closing Date, remit to the National Finance Office, the amount required to pay the interest on the Series 2007 D Bonds; then, beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amount required to amortize the interest on of the Series 2007 D Bonds over the life of the Bond issue; (vi) beginning 30 days following the Closing Date, remit to the National Finance Office, the amount required to pay the interest on the Series 2007 E Bonds; then, beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amount required to amortize the interest on the Series 2007 E Bonds over the life of the Bond issue; and (vii) beginning 30 days following the Closing Date, remit to the National Finance Office, the amount required to pay the interest on the Series 2007 F Bonds; then, beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the

Revenue Fund and remit to the National Finance Office the amount required to amortize the interest on the Series 2007 F Bonds over the life of the Bond issue. All payments with respect to principal of and interest the Series 2007 Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission or the National Finance Office, as applicable (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay principal on the First Lien Bonds; (ii) the amount required by the Series 2007 A Bonds Resolution to pay principal on the Series 2007 A Bonds; (iii) beginning 30 days following the Closing Date, remit to the National Finance Office, the amount required to pay the principal on the Series 2007 B Bonds; then, beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amount required to amortize the principal on the Series 2007 B Bonds over the life of the Bond issue; (iv) beginning 30 days following the Closing Date, remit to the National Finance Office, the amount required to pay the principal on the Series 2007 C Bonds; then, beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amount required to amortize the principal on the Series 2007 C Bonds over the life of the Bond issue; (iv) beginning 30 days following the Closing Date, remit to the National Finance Office, the amount required to pay the principal on the Series 2007 D Bonds; then, beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amount required to amortize the principal on of the Series 2007 D Bonds over the life of the Bond issue; (v) beginning 30 days following the Closing Date, remit to the National Finance Office, the amount required to pay the principal on the Series 2007 E Bonds; then, beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the

Revenue Fund and remit to the National Finance Office the amount required to amortize the principal on the Series 2007 E Bonds over the life of the Bond issue; and (vi) beginning 30 days following the Closing Date, remit to the National Finance Office, the amount required to pay the principal on the Series 2007 F Bonds; then, beginning on the 24th monthly anniversary of the Closing Date and continuing on each monthly anniversary of the Closing Date thereafter, the Issuer shall transfer from the Revenue Fund and remit to the National Finance Office the amount required to amortize the principal on the Series 2007 F Bonds over the life of the Bond issue. All payments with respect to principal of and principal the Series 2007 Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission for deposit in the respective Reserve Accounts (i) the amounts required under the Prior Resolutions to fund the respective reserves requirements for the First Lien Bonds; (ii) the amounts required under the Series 2007 A Resolution to fund the reserve requirement for the Series 2007 A Bonds; (iii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2007 B Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2007 B Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2007 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve; (iv) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2007 C Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2007 C Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2007 C Bonds Reserve Account when there shall have

been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve; (v) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2007 D Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2007 D Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2007 D Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve; (vi) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2007 E Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2007 E Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2007 E Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve; and beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2007 F Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2007 F Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2007 F Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Monies in the respective Series 2007 Bonds Reserve Accounts shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2007 Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2007 Bonds, or for mandatory prepayment of the Series 2007 Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the respective Series

2007 Bonds Reserve Accounts, so long as the Series 2007 Bonds Reserve Requirement is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(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, the amounts required by the Prior Resolutions and 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 accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

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

(8) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund the amount, if any, required by the CIF Resolutions to be deposited into the CIF Surplus Revenue Fund.

(9) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be

used to prepay installments of the Bonds, pro rata, or for any lawful purpose.

Whenever the money in the Series 2007 B Bonds Reserve Account shall be sufficient to prepay the Series 2007 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2007 B Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the money in the Series 2007 C Bonds Reserve Account shall be sufficient to prepay the Series 2007 C Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2007 C Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the money in the Series 2007 D Bonds Reserve Account shall be sufficient to prepay the Series 2007 D Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2007 D Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the money in the Series 2007 E Bonds Reserve Account shall be sufficient to prepay the Series 2007 E Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2007 E Bonds at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the money in the Series 2007 F Bonds Reserve Account shall be sufficient to prepay the Series 2007 F Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2007 F Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2007 Bonds Reserve Accounts as herein provided, and all amounts required for the Series 2007 Bonds Reserve Accounts will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the

Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required reserve account payments with respect to the Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2007 Bonds and the interest thereon

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

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

The Commission, at the direction of the Issuer, shall keep the monies in the Series 2007 Bonds Reserve Accounts invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2007 Bonds Reserve Accounts, so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2007 Bonds, provide evidence that there will be at least 2,088 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Commission or the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The monies in excess of the sum insured by FDIC in any of such funds or 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 of West Virginia.

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

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

Section 4.05. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Series 2007 Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$30,603,900 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into a credit agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2007 Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2007 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2007 Bonds Reserve Accounts a sum sufficient to prepay the entire principal of the Series 2007 Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2007 Bonds.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2007 Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2007 Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. So long as the Prior Bonds and the Series 2007 A Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions and the Series 2007 A Bonds Resolution shall be applicable. No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding;
- (3) The Parity Bonds than proposed to be issued.

No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2007 Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2007 Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the

construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2007 Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2007 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which 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, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2007 Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Series 2007 Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2007 Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

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

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year: Budget. While the Series 2007 Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. 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 the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2007 Bonds are outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Commission Orders of the Public Service Commission of West Virginia, entered on September 14, 2006, and February 15, 2007 Case No. 06-0026-PSD-CN, which Commission Orders are incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any sewer bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2007 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2007 Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2007 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2007 Bonds, the Issuer may not defease the Series 2007 Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2007 Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2007 Bonds.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. 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 7.07. 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 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted this 20th day of February, 2007.

BERKELEY COUNTY PUBLIC
SERVICE SEWER DISTRICT

By: 
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT on the 20th day of February, 2007.

Dated: March 6, 2007.

[SEAL]


Secretary

02.19.07
067740.00015

**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 14th day of September, 2006.

CASE NO. 06-0026-PSD-CN

**BERKELEY COUNTY PUBLIC SERVICE SEWER
DISTRICT**

Application for a certificate of convenience and necessity to construct, operate and maintain the North Berkeley Sewer Project, Phase I in the Spring Mills, Hainesville, Bedington, Bessemer and Berkeley Station areas of Berkeley County.

COMMISSION ORDER

On January 10, 2006, the Berkeley County Public Service Sewer District (District) filed an application for a certificate of convenience and necessity to construct, operate and maintain the North Berkeley Sewer Project Phase I (Project) in the Spring Mills, Hainesville, Bedington, Bessemer and Berkeley Station areas of Berkeley County. The Project was estimated to cost \$28,626,500.00.

In support of the application, the District explained that the Project system configuration follows the District's 10-year plan of constructing a sewer infrastructure "backbone" along the I-81 and Route 11 corridors to serve existing potential customers in pocket areas of development. The District says this will immediately provide public sewer facilities to the high density areas that have the greatest need and also provide public sewer facilities for extension by private development in areas dictated by market demand and land availability. Furthermore, the District asserts that the West Virginia Department of Environmental Protection and United States Geological Survey (USGS) have identified a serious groundwater contamination problem in and adjacent to areas affected by this Project that is caused by a high rate of failure of private septic systems. The problem is expected to worsen in those areas with a high rate of residential and commercial growth. According to the District, the Project will significantly alleviate the contamination problem by retiring from service more than 1,647 private septic systems,

six package treatment plants owned and operated by private entities, and one complex package treatment facility owned and operated by the District, which lack the efficiency and treatment capability of the Sequencing Batch Reactor wastewater treatment technology to be utilized by the District.

The District states in its application that although the current estimated project cost is \$28,626,500.00, it estimates that the total project cost may increase to a maximum of \$34,000,000.00 at the time of construction. The District intends to fund the entire cost with a subsidized loan through the USDA Rural Utility Service (RUS) at 4.25% interest for a term of 40 years. The District said it also intends to obtain interim construction financing with a line of credit through Susquehanna Bank (SA) (\$50,000.00 front-end fee) at an interest rate based upon the five-year Treasury Note on the date of closing. The Project will serve 2,088 customers, including 1,647 new customers.

In its application, the District requested a waiver of the Rule 42 requirements because it is not seeking a rate change. The District's current customer base and the 1,647 new customers to be added as a result of the Project will generate sufficient revenues to pay for the additional debt service and operations and maintenance expenses of the Project without necessitating a rate increase.

A Notice of Filing was entered on January 11, 2006, directing the District to give notice of the filing of its application.

Commission Staff filed an Initial Joint Staff Memorandum and a formal data request on February 7, 2006.

Affidavits of publication were filed on February 17, 2006, on behalf of the District. The Notice of Filing was published in *The Journal* on January 20, 2006. The notice provided a thirty-day period, following the date of publication, during which time protests or interventions could be filed.

The District responded to Staff's formal data request by filing various documents on February 27, 2006 and on March 14, 2006.

Various protest and follow-up letters were filed between March 22, 2006 and June 7, 2006.

Staff filed its Final Joint Staff Memorandum on August 14, 2006, noting that the statutory thirty-day protest period ended on Monday, February 20, 2006. Although approximately seven protest letters were filed, all were filed after the statutory thirty-day protest period. Staff also discussed at length the adequate documentation of the need for this Project, including the serious groundwater contamination project identified by the USGS.

With regard to the RUS funding, Staff explained that the annual debt service payments on the RUS loan will be approximately \$1,519,755. Currently the District only has RUS funding committed for \$25,104,000. The District is pursuing the additional \$3,522,500 commitment from RUS. The District has secured funding of the \$3,522,500 deficit with the commitment of tax-exempt bonds underwritten from Crews & Associates. Funding for the tax-exempt bonds has been secured as a backup in case the additional amount cannot be secured from RUS.

Additionally, Staff explained that the District's proposed interim financing would be retired by the RUS loan once the proceeds are distributed. However, the SB interim financing would require a \$50,000 up-front or loan application processing fee. Staff feels that the up-front fee is excessive and suggests the District seek alternative proposals. In discussions with the District, Staff said it was indicated that interim financing may not be necessary. The District obtained a commitment from SB in case interim financing would be necessary. However, Staff recommended denial of this proposed interim financing through SB and recommended that the District seek and obtain at least two other interim financing proposals and provide documentation of those proposals to the Commission.

The District has requested a waiver of the Rule 42 requirements on the grounds that the Project will not require any rate increase. The District has submitted funding commitment letters, revenue projections, and a cash flow analysis as support. The project will serve approximately 2,088 customers, including 1,647 new customers. The District's revenue projections are based upon the 2,088 customers, approximately 1,523 additional customers from developments that will be able to connect, and a projected growth estimate. In its cash flow analysis, Staff has not provided for the projected growth estimate due to those customers not being known and measurable. The 1,523 additional customers are customers currently or in the near future receiving sewer service from packaged treatment plants from individual developments. The construction of this plant will provide the opportunity for these customers to connect to the District's system. Staff's cash flow analysis states project related costs along with the 2,088 Project customers. Verbally, the District has stated to Staff that they have approximately another 300 new customers to sign on to the Project after the filing date.

Based on the engineer's estimates, the annual O&M expenses will increase \$463,700 primarily from power, labor, and maintenance associated with this Project. The Staff Engineer reviewed these estimates and recommends only a \$213,357 increase. Staff explained that the District's current rates contain no minimum charges and provide an average residential bill for 4,500 gallons of \$42.10. After completion of this Project, the District, based on Staffs cash flow analysis, is proposed to have operating revenues and operating expenses of \$10,877,359 and \$4,170,973, respectively. This amount of operating revenues will be sufficient to cover the proposed annual operating expenses, debt service, and reserve requirements while providing a cash flow surplus of approximately \$711,518 and a debt coverage ratio of 128.69%.

Based on the above, Staff recommended the District be granted the requested certificate of convenience and necessity, without hearing. Staff also recommended approval of the Staff-recommended rates and the following Project financing: a \$25,104,000 RUS loan (4.25% for 40 years) and \$3,522,500 Tax-exempt Bonds. Staff recommended that the requested interim financing be denied and that the District pursue other interim avenues, if ultimately necessary. Finally, Staff also recommended that a copy of the bids be filed as soon as they are tabulated and that the District notify the Commission when its engineer has performed the substantial completion of the Project.

DISCUSSION

At the outset, the Commission notes that *W. Va. Code* § 24-2-11 provides, in pertinent part, as follows:

(a) No public utility . . . shall begin the construction of any plant . . . for furnishing to the public any [utility] service . . . unless and until it shall obtain from the public service commission a certificate of convenience and necessity requiring such construction Upon the filing of any application for such certificate, and after hearing, the commission may, in its discretion, issue or refuse to issue, or issue in part and refuse in part, such certificate of convenience and necessity: Provided, That the commission, after it gives proper notice and if no protest is received within thirty days after the notice is given, may waive formal hearing on the application.

Furthermore, in considering a certificate application, the Commission must assess whether the general public convenience will be served and assess the public necessity for the Project. *Sexton v. Public Service Commission*, 188 W.Va. 305, 423 S.E.2d 914 (1992).

The Commission concludes that the Project is needed for those reasons given and discussed above, including the serious groundwater contamination problem identified by the USGS in and adjacent to areas affected by this Project. will serve approximately 2,088 customers, including 1,647 new customers. Moreover, the Commission concludes that the general public convenience will be served by this Project since the District will not raise its rates as a result of this Project.

The Notice of Filing of the District's application was published in *The Journal* on January 20, 2006, allowing for a thirty-day period, following the date of publication, during which time protests or interventions could be filed. Thus, the protest period expired on Monday, February 20, 2006. The Commission acknowledges that various protest and follow-up letters were filed between March 22, 2006 and June 7, 2006. As the protest

letters were filed after the statutory thirty-day protest period, the Commission concludes that it is appropriate to waive formal hearing on this application.

The Commission will approve the District's proposed financing, consisting of a \$25,104,000 RUS loan (4.25% for 40 years) and \$3,522,500 Tax-exempt Bonds. The Commission concurs, however, with Staff's reasoning in that the proposed interim financing should be denied.

Given Staff's analysis and that the District is not increasing rates as a result of the Project, the Commission concludes that it is appropriate to grant the requested waiver of the requirements of Tariff Rule 42.

While the District did not request a rate increase in this case, Staff explained that the District's current rates contain no minimum charges and provide an average residential bill for 4,500 gallons of \$42.10. With proper calculation, this is correct. However, the Commission notes the following: 1) that the District's current tariff includes: "Flat Rate: \$42.08 per month"; and 2) Staff's recommended tariff includes: "Flat Rate Charge Equivalent of 4,500 gallons of water usage, \$42.10 per month." Although an increase is noted in the Staff-recommended tariff, the two cent increase is merely a mathematical correction. The Commission will therefore approve the Staff-recommended tariff and the correction therein.

Accordingly, the Commission will (1) grant the requested certificate of convenience and necessity to the District, without hearing; (2) approve the financing for the Project, consisting of a \$25,104,000 RUS loan (4.25% for 40 years) and \$3,522,500 Tax-exempt Bonds; (3) grant the requested Rule 42 waiver; (4) approve Staff's recommended rates and charges, which include a mathematical correction of the Flat Rate Charge; (5) deny the proposed interim financing and require the District seek and obtain at least two other interim financing proposals, providing documentation of those proposals to the Commission; (6) require the District to submit a copy of the bids as soon as they are tabulated; (7) require the District to notify the Commission when its engineer has performed the substantial completion of the Project and (8) require the District to request a reopening of this case if there is any change in the plans and/or scope of the Project, or where a change in financing affects rates. If there is a change in the project cost that does not affect rates, the District shall file an affidavit signed by its CPA verifying rates are not affected.

FINDINGS OF FACT

1. On January 10, 2006, District filed an application for a certificate of convenience and necessity to construct, operate and maintain the North Berkeley Sewer Project Phase I in the Spring Mills, Hainesville, Bedington, Bessemer and Berkeley Station areas of Berkeley County. The Project was estimated to cost \$28,626,500.00.

2. The project system configuration follows the District's 10-year plan of constructing a sewer infrastructure "backbone" along the I-81 and Route 11 corridors to serve existing potential customers in pocket areas of development.

3. The West Virginia Department of Environmental Protection and USGS have identified a serious groundwater contamination problem in and adjacent to areas affected by this Project that is caused by a high rate of failure of private septic systems. The problem is expected to worsen in those areas with a high rate of residential and commercial growth.

4. The Project will significantly alleviate the contamination problem by retiring from service more than 1,647 private septic systems, six package treatment plants owned and operated by private entities, and one complex package treatment facility owned and operated by the District, which lack the efficiency and treatment capability of the Sequencing Batch Reactor wastewater treatment technology to be utilized by the District.

5. The District intends to fund the entire cost with a subsidized loan through the USDA RUS at 4.25% interest for a term of 40 years.

6. Currently the District only has RUS funding committed for \$25,104,000. The District is pursuing the additional \$3,522,500 commitment from RUS.

7. The District has secured funding of the \$3,522,500 deficit with the commitment of tax-exempt bonds underwritten from Crews & Associates. Funding for the tax-exempt bonds has been secured as a backup in case the additional amount cannot be secured from RUS.

8. The District proposed interim construction financing with a line of credit through Susquehanna Bank (\$50,000.00 front-end fee) at an interest rate based upon the five-year Treasury Note on the date of closing.

9. The District requested a waiver of the Rule 42 requirements because it is not seeking a rate change.

10. The Notice of Filing was published in *The Journal* on January 20, 2006. (See Affidavits of publication, filed February 17, 2006).

11. The Notice of Filing provided a thirty-day period, following the date of publication, during which time protests or interventions could be filed.

12. The statutory thirty-day protest period ended on Monday, February 20, 2006.

13. Various protest and follow-up letters were filed between March 22, 2006 and June 7, 2006.

14. On August 14, 2006, Staff recommended the District be granted the requested certificate of convenience and necessity, without hearing. Staff also recommended approval of the Staff-recommended rates and the following Project financing: a \$25,104,000 RUS loan (4.25% for 40 years) and \$3,522,500 Tax-exempt Bonds. Staff recommended that the requested interim financing be denied and that the District pursue other interim avenues, if ultimately necessary. Finally, Staff also recommended that a copy of the bids be filed as soon as they are tabulated and that the District notify the Commission when its engineer has performed the substantial completion of the Project.

CONCLUSIONS OF LAW

1. The District's requested certificate of convenience and necessity should be granted to the District, without hearing.

2. The District's financing for the Project, consisting of a \$25,104,000 RUS loan (4.25% for 40 years) and \$3,522,500 Tax-exempt Bonds, should be approved.

3. The District should be granted the requested Rule 42 waiver, as it will not increase its rates as a result of this Project.

4. Staff's recommended rates and charges, which include a mathematical correction of the Flat Rate Charge, should be approved.

5. The District's proposed interim financing should not be approved. The District should be required to seek and obtain at least two other interim financing proposals, if it becomes necessary, and provide documentation of those proposals to the Commission.

6. The District should be required to submit a copy of the bids as soon as they are tabulated.

7. The District should notify the Commission when its engineer has certified the Project as substantially complete.

8. The District should request a reopening of this case if there is any change in the plans and/or scope of the Project, or where a change in financing affects rates. If there is a change in the Project cost that does not affect rates, the District shall file an affidavit signed by its CPA verifying rates are not affected.

ORDER

IT IS, THEREFORE, ORDERED that the Berkeley County Public Service Sewer District is hereby granted a certificate of convenience and necessity to construct, operate

and maintain the North Berkeley Sewer Project Phase I, at an estimated Project cost of \$28,626,500.00.

IT IS FURTHER ORDERED that the Berkeley County Public Service Sewer District's financing for the Project is hereby approved, consisting of a \$25,104,000 RUS loan (4.25% for 40 years) and \$3,522,500 Tax-exempt Bonds.

IT IS FURTHER ORDERED that the Berkeley County Public Service Sewer District's proposed interim financing is hereby denied. The District shall seek and obtain at least two other interim financing proposals, if it becomes necessary, and provide documentation of those proposals to the Commission.

IT IS FURTHER ORDERED that the Berkeley County Public Service Sewer District's requested waiver of the requirements of Tariff Rule 42 is hereby granted.

IT IS FURTHER ORDERED that Staff's recommended rates and charges, attached hereto as Attachment A, are hereby approved.

IT IS FURTHER ORDERED that the Berkeley County Public Service Sewer District submit a copy of the bids as soon as they are tabulated.

IT IS FURTHER ORDERED that the Berkeley County Public Service Sewer District notify the Commission when its engineer has certified the project as substantially complete.

IT IS FURTHER ORDERED that the Berkeley County Public Service Sewer District shall request a reopening of this case if there is any change in the plans and/or scope of the Project, or where a change in financing affects rates.

IT IS FURTHER ORDERED that if there is a change in the Project cost that does not affect rates, the Berkeley County Public Service Sewer District shall file an affidavit signed by its CPA verifying rates are not affected.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of 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.

TBS/ljm
060026c.wpd

A True Copy, Teste:


Sandra Squire
Executive Secretary

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Case No. 06-0026-PSD-CN

APPROVED RATES

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

(C) RATES

Usage Charge:	\$7.60 per 1,000 gallons of water usage
Service Charge:	\$7.90 per month

(C,I) FLAT RATE CHARGE

Equivalent of 4,500 gallons of water usage, \$42.10 per month.

(C) TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$350.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

DELAYED PAYMENT PENALTY

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

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

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

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

LEAK ADJUSTMENT

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

SURFACE OR GROUND WATER SURCHARGE

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

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

Applicability

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

$$S = A \times R \times .0006233 \times C$$

- S = $A \times R \times .006233 \times C$
- S = The surcharge in dollars
- A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
- R = The measured rainfall, in inches
- .0006233 = A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water
- C = The utility's approved rate per thousand gallons of metered water usage.

APPROVED CAPACITY IMPROVEMENT FEES (CIFs)
APPLICABLE TO DEVELOPERS ONLY

<u>Meter Size</u>	<u>Factor</u>	<u>CIF</u>
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

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.

(C) 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, a disconnection fee of \$10.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of \$10.00 shall be charged.

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

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.

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:

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- 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

<u>Meter Size</u>	<u>Factor</u>	<u>CIF</u>
5/8 inch	1	\$ 1,581.00
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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.

**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 15th day of February, 2007.

CASE NO. 06-0026-PSD-CN

**BERKELEY COUNTY PUBLIC SERVICE SEWER
DISTRICT**

Application for a certificate of convenience and necessity to construct, operate and maintain the North Berkeley Sewer Project, Phase I in the Spring Mills, Hainesville, Bedington, Bessemer and Berkeley Station areas of Berkeley County.

COMMISSION ORDER

On January 10, 2006, the Berkeley County Public Service Sewer District (District) filed an application for a certificate of convenience and necessity to construct, operate and maintain the North Berkeley Sewer Project Phase I (Project) in the Spring Mills, Hainesville, Bedington, Bessemer and Berkeley Station areas of Berkeley County. The Project was estimated to cost \$28,626,500.00.

On July 19, 2006, the Commission issued an order in Case No. 06-0630-PSD-T, *Berkeley County Public Service Sewer District*, that approved an increase in the disconnect/reconnect/administrative fees, the addition of a return check charge, and the modification of the conversion factor to measure inches of rain water.

The Commission granted the District a certificate of convenience and necessity in the present case by order issued September 14, 2006. That order also approved certain rates for the project.

On January 17, 2007, Commission Staff (Staff) filed a petition to reopen this proceeding. As cause for its petition, Staff stated that the rates approved in the Commission's September 14, 2006 order did not include the changes made in the District's tariff in Case No. 06-0630-PSD-T. Staff recommended a corrective order be issued which incorporated the rates approved in this case and the changes approved in Case No. 06-0630-PSD-T.

UPON CONSIDERATION the Commission finds that the District's tariff should be corrected to include changes and increases approved in both cases.

ORDER

IT IS THEREFORE ORDERED that Commission Staff's petition to reopen this proceeding is hereby granted.

IT IS FURTHER ORDERED that Berkeley County Public Service Sewer District's tariff is modified, and the rates in Appendix A are hereby approved for use.

IT IS FURTHER ORDERED that within thirty (30) days of the date of this order Berkeley County Public Service Sewer District shall file an original and five (5) copies of the approved tariff with the Commission.

IT IS FURTHER ORDERED that upon entry of this order, this case shall be removed from the Commission's docket of open 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, Tester


Sandra Squire
Executive Secretary

LHG/s
060026ca.wpd

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Case No. 06-0026-PSD-CN

STAFF RECOMMENDED TARIFF

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

Available for general domestic, commercial and industrial service

RATES (Customers with metered water supply)

Service Charge: \$7.90 per month
Usage Charge: \$7.60 per 1,000 gallons of water usage

(C) FLAT RATE CHARGE (Customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, \$42.08 per month.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$350.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

DELAYED PAYMENT PENALTY

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

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement, a disconnection fee of \$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, 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:

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APPROVED CAPACITY IMPROVEMENT FEES (CIFs)
APPLICABLE TO DEVELOPERS ONLY

Meter Size

Factor

CIF

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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

Available for general domestic, commercial and industrial service

(C) RATES (Customers with metered water supply)

First	3,000 gallons per month	\$8.05 per 1,000 gallons
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APPLICABLE TO DEVELOPERS ONLY

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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.

(C) Indicates change in text

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

CASE NO.: 06-0026-PSD-CN

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
Martinsburg, West Virginia

Application for a certificate of convenience and necessity to construct, operate and maintain the North Berkeley Sewer Project, Phase I in the Spring Mills, Hainesville, Bedington, Bessemer and Berkeley Station areas of Berkeley County.

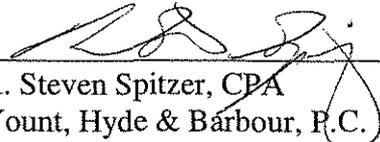
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W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Commonwealth of Virginia

City of Winchester, to wit:

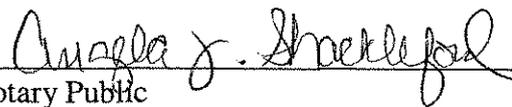
AFFIDAVIT

I, R. Steven Spitzer, CPA, after making an oath of affirmation to tell the truth, based on the information provided to me by Berkeley County Public Service Sewer District and Woolpert, Inc., Consulting Engineer, the rates and charges set forth in Case No. 06-0026-PSD-CN are sufficient to cover the additional debt service in the above styled case. The PSC Staff made rate recommendations including all financial implications of the proposed Project. The Public Service Commission in the above styled case accepted these recommendations and approved the Project therein. The actual bid costs exceeded the Project as proposed. Upon review of the additional information provided regarding the bid overage of \$5,499,900 from RUS and \$447,500 from Tax-Exempt Bonds, for a total aggregate borrowing amount of \$34,573,900, and all the information that has been provided to me, to date, it is my opinion that the rates and charges will be sufficient to provide revenues which, together with other revenues of the system, will allow for me to provide the CPA Certification of the sewer rates as currently approved by the Public Service Commission to allow the Project's financial closing to proceed.

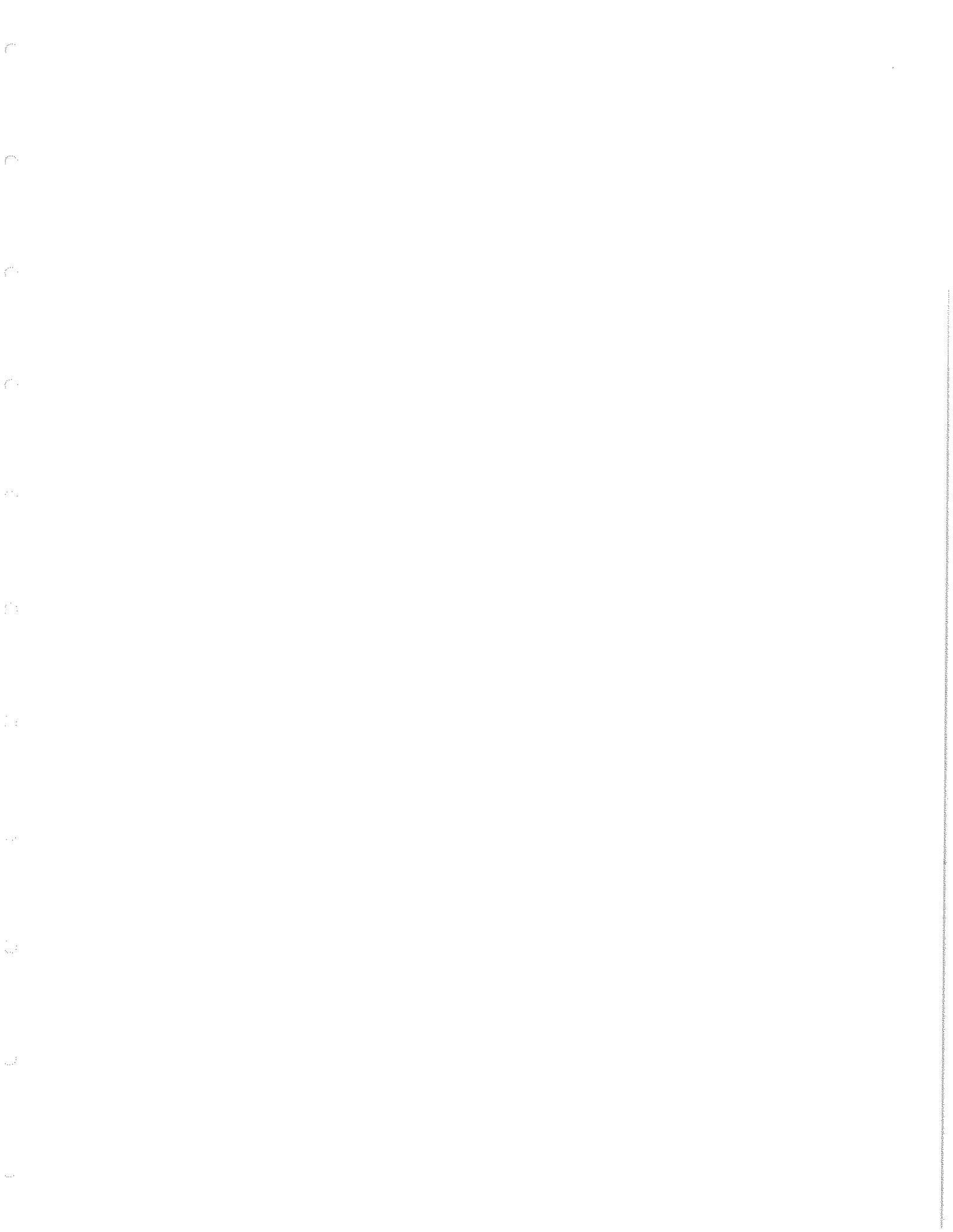


R. Steven Spitzer, CPA
Yount, Hyde & Barbour, P.C.
Winchester, Virginia

This Affidavit was sworn to or affirmed before me this 28th day of February, 2007.
My commission expires 2/28/2010.



Notary Public



BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2007 B,
Sewer Revenue Bonds, Series 2007 C,
Sewer Revenue Bonds, Series 2007 D,
Sewer Revenue Bonds, Series 2007 E and
Sewer Revenue Bonds, Series 2007 F
(United States Department of Agriculture)

RECEIPT FOR BOND

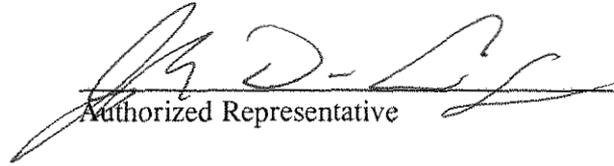
The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 6th day of March, 2007, at Martinsburg, West Virginia, the undersigned received for the Purchaser the single, fully registered Berkeley County Public Service Sewer District Sewer Revenue Bonds, Series 2007 B (United States Department of Agriculture), No. BR-1, in the principal amount of \$9,000,000, and the single fully registered Berkeley County Public Service Sewer District Sewer Revenue Bonds, Series 2007 C (United States Department of Agriculture), No. CR-1, in the principal amount of \$9,000,000 and the single, fully registered Berkeley County Public Service Sewer District Sewer Revenue Bonds, Series 2007 D (United States Department of Agriculture), No. DR-1, in the principal amount of \$7,104,000, and the single, fully registered Berkeley County Public Service Sewer District Sewer Revenue Bonds, Series 2007 E (United States Department of Agriculture), No. ER-1, in the principal amount of \$500,000, and the single, fully registered Berkeley County Public Service Sewer District Sewer Revenue Bonds, Series 2007 F (United States Department of Agriculture), No. FR-1, in the aggregate principal amount of \$4,999,900, bearing interest at the rate of 4.125% per annum (collectively, the "Bonds"), dated the date hereof, payable in monthly installments as stated in the Bonds. The Bonds represent the entire above-captioned Bond issue.

2. At the time of such receipt, the Bonds have been executed and sealed by the designated officials of the Public Service Board of Berkeley County Public Service Sewer District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$530,000 being a portion of the principal amount of the Series 2007 B Bonds, \$530,000 being a portion of the principal amount of the Series 2007 C Bonds, \$410,000 being a portion of the principal amount of the Series 2007 D Bonds, \$35,000 being a portion of the principal amount of the Series 2007 E Bonds, and \$270,900 being a portion of the principal amount of the Series 2007 F Bonds. Further advances of the balance of the principal amount of each Series of Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 6th day of March, 2007.


Authorized Representative

02.27.07
067740.00015



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2007 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. BR-1

\$9,000,000

FOR VALUE RECEIVED, on this the 6th day of March, 2007, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of NINE MILLION DOLLARS (\$9,000,000), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$39,150.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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 only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted February 20, 2007, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

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

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

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

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

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

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

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

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

(10) SEWER REVENUE BONDS, SERIES 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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(23) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 3, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,999,600 (THE "SERIES 2004 A BONDS");

(24) SEWER REFUNDING REVENUE BONDS, SERIES 2006 A, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,665,000 (THE "SERIES 2006 A BONDS");

(25) SEWER REFUNDING REVENUE BONDS, SERIES 2006 B, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$240,000 (THE "SERIES 2006 B BONDS");

(26) SEWER REVENUE BONDS, SERIES 2007 A, DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,970,000 (THE "SERIES 2007 A BONDS" ISSUED SIMULTANEOUSLY HEREWITH);

(27) SEWER REVENUE BONDS, SERIES 2007 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000 (THE "SERIES 2007 C BONDS") ISSUED SIMULTANEOUSLY HEREWITH;

(28) SEWER REVENUE BONDS, SERIES 2007 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,104,000 (THE "SERIES 2007 D BONDS") ISSUED SIMULTANEOUSLY HEREWITH;

(29) SEWER REVENUE BONDS, SERIES 2007 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2007 E BONDS") ISSUED SIMULTANEOUSLY HEREWITH; AND

(30) SEWER REVENUE BONDS, SERIES 2007 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,999,900 (THE "SERIES 2007 F BONDS") ISSUED SIMULTANEOUSLY HEREWITH.

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

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

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Berkeley County Public Service Sewer District has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

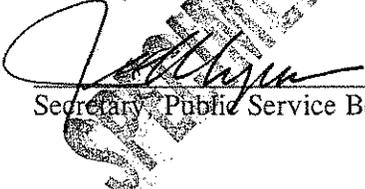
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

[CORPORATE SEAL]



Chairman, Public Service Board
P. O. Box 944
Martinsburg, West Virginia 25402-0944

ATTEST:



Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 530,000	March 6, 2007	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2007 C
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. CR-1

\$9,000,000

FOR VALUE RECEIVED, on this the 6th day of March, 2007, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of NINE MILLION DOLLARS (\$9,000,000), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$39,150.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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 only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted February 20, 2007, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

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

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(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");

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(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");

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(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");

(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");

(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");

(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");

(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");

(23) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 3, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,999,600 (THE "SERIES 2004 A BONDS");

(24) SEWER REFUNDING REVENUE BONDS, SERIES 2006 A, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,665,000 (THE "SERIES 2006 A BONDS");

(25) SEWER REFUNDING REVENUE BONDS, SERIES 2006 B, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$240,000 (THE "SERIES 2006 B BONDS");

(26) SEWER REVENUE BONDS, SERIES 2007 A, DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,970,000 (THE "SERIES 2007 A BONDS") ISSUED SIMULTANEOUSLY HERewith;

(27) SEWER REVENUE BONDS, SERIES 2007 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000 (THE "SERIES 2007 C BONDS") ISSUED SIMULTANEOUSLY HERewith;

(28) SEWER REVENUE BONDS, SERIES 2007 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,104,000 (THE "SERIES 2007 D BONDS") ISSUED SIMULTANEOUSLY HERewith;

(29) SEWER REVENUE BONDS, SERIES 2007 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2007 E BONDS") ISSUED SIMULTANEOUSLY HEREWITH; AND

(30) SEWER REVENUE BONDS, SERIES 2007 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,999,900 (THE "SERIES 2007 F BONDS") ISSUED SIMULTANEOUSLY HEREWITH.

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

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

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Berkeley County Public Service Sewer District has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

[CORPORATE SEAL]


Chairman, Public Service Board
P. O. Box 944
Martinsburg, West Virginia 25402-0944

ATTEST:


Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 530,000	March 6, 2007	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2007 D
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. DR-1

\$7,104,000

FOR VALUE RECEIVED, on this the 6th day of March, 2007, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of SEVEN MILLION ONE HUNDRED FOUR THOUSAND DOLLARS (\$7,104,000), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$30,903.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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 only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted February 20, 2007, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

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(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");

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(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(23) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 3, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,999,600 (THE "SERIES 2004 A BONDS");

(24) SEWER REFUNDING REVENUE BONDS, SERIES 2006 A, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,665,000 (THE "SERIES 2006 A BONDS");

(25) SEWER REFUNDING REVENUE BONDS, SERIES 2006 B, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$240,000 (THE "SERIES 2006 B BONDS");

(26) SEWER REVENUE BONDS, SERIES 2007 A, DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,970,000 (THE "SERIES 2007 A BONDS") ISSUED SIMULTANEOUSLY HEREWITH;

(27) SEWER REVENUE BONDS, SERIES 2007 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000 (THE "SERIES 2007 C BONDS") ISSUED SIMULTANEOUSLY HEREWITH;

(28) SEWER REVENUE BONDS, SERIES 2007 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,104,000 (THE "SERIES 2007 D BONDS") ISSUED SIMULTANEOUSLY HEREWITH;

(29) SEWER REVENUE BONDS, SERIES 2007 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2007 E BONDS") ISSUED SIMULTANEOUSLY HEREWITH; AND

(30) SEWER REVENUE BONDS, SERIES 2007 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,999,900 (THE "SERIES 2007 F BONDS") ISSUED SIMULTANEOUSLY HEREWITH.

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

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

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

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IN WITNESS WHEREOF, Berkeley County Public Service Sewer District has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

[CORPORATE SEAL]



Chairman, Public Service Board
P. O. Box 944
Martinsburg, West Virginia 25402-0944

ATTEST:



Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 410,000	March 6, 2007	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2007 E
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. ER-1

\$500,000

FOR VALUE RECEIVED, on this the 6th day of March, 2007, BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$2,175.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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 only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted February 20, 2007, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

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(30) SEWER REVENUE BONDS, SERIES 2007 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,999,900 (THE "SERIES 2007 F BONDS") ISSUED SIMULTANEOUSLY HEREWITH.

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

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

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Berkeley County Public Service Sewer District has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

[CORPORATE SEAL]



Chairman, Public Service Board
P. O. Box 944
Martinsburg, West Virginia 25402-0944

ATTEST:



Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
\$35,000	March 6, 2007		(19)
\$			(20)
\$			(21)
\$			(22)
\$			(23)
\$			(24)
\$			(25)
\$			(26)
\$			(27)
\$			(28)
\$			(29)
\$			(30)
\$			(31)
\$			(32)
\$			(33)
\$			(34)
\$			(35)
\$			(36)
		TOTAL	
		\$	

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
SEWER REVENUE BONDS, SERIES 2007 F
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. FR-1

\$4,999,900

FOR VALUE RECEIVED, on this the 6th day of March, 2007 BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FOUR MILLION NINE HUNDRED NINETY NINE THOUSAND NINE HUNDRED DOLLARS (\$4,999,900), plus interest on the unpaid principal balance at the rate of 4.125% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$21,750.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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 only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted February 20, 2007, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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

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

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

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

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

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

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

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

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

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

(10) SEWER REVENUE BONDS, SERIES 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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(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");

(23) SEWER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 3, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,999,600 (THE "SERIES 2004 A BONDS");

(24) SEWER REFUNDING REVENUE BONDS, SERIES 2006 A, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,665,000 (THE "SERIES 2006 A BONDS");

(25) SEWER REFUNDING REVENUE BONDS, SERIES 2006 B, DATED OCTOBER 19, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$240,000 (THE "SERIES 2006 B BONDS");

(26) SEWER REVENUE BONDS, SERIES 2007 A, DATED MARCH 7, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,970,000 (THE "SERIES 2007 A BONDS") ISSUED SIMULTANEOUSLY HERewith;

(27) SEWER REVENUE BONDS, SERIES 2007 C (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000 (THE "SERIES 2007 C BONDS") ISSUED SIMULTANEOUSLY HERewith;

(28) SEWER REVENUE BONDS, SERIES 2007 D (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,104,000 (THE "SERIES 2007 D BONDS") ISSUED SIMULTANEOUSLY HERewith;

(29) SEWER REVENUE BONDS, SERIES 2007 E (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (THE "SERIES 2007 E BONDS") ISSUED SIMULTANEOUSLY HEREWITH; AND

(30) SEWER REVENUE BONDS, SERIES 2007 F (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 6, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,999,900 (THE "SERIES 2007 F BONDS") ISSUED SIMULTANEOUSLY HEREWITH.

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

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

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Berkeley County Public Service Sewer District has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

[CORPORATE SEAL]



Chairman, Public Service Board
P. O. Box 944
Martinsburg, West Virginia 25402-0944

ATTEST:



Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$270,900	March 6, 2007	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

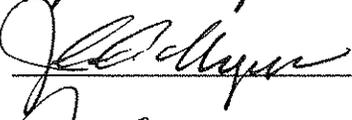
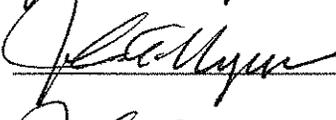
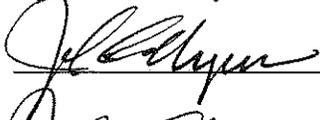
In the presence of:

UNITED STATES OF AMERICA
 STATE OF WEST VIRGINIA
 BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
 SEWER REVENUE BONDS, SERIES 2007 B
 (UNITED STATES DEPARTMENT OF AGRICULTURE),
 SEWER REVENUE BONDS, SERIES 2007 C
 (UNITES STATES DEPARTMENT OF AGRICULTURE),
 SEWER REVENUE BONDS, SERIES 2007 D
 (UNITED STATES DEPARTMENT OF AGRICULTURE),
 SEWER REVENUE BONDS, SERIES 2007 E
 (UNITED STATES DEPARTMENT OF AGRICULTURE) AND
 SEWER REVENUE BONDS, SERIES 2007 F
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$30,603,900

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

<u>Bond No.</u>	<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Secretary of Registrar</u>
BR-1	March 6, 2007	United States Department of Agriculture	
CR-1	March 6, 2007	United States Department of Agriculture	
DR-1	March 6, 2007	United States Department of Agriculture	
ER-1	March 6, 2007	United States Department of Agriculture	
FR-1	March 6, 2007	United States Department of Agriculture	

02.27.07
067740.00015

March 6, 2007

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2007 B
(United States Department of Agriculture)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Berkeley County Public Service Sewer District in Berkeley County, West Virginia (the "Issuer"), of its Sewer Revenue Bonds, Series 2007 B, dated the date hereof issued in the aggregate principal amount of \$9,000,000 (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted February 20, 2007 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds, on a parity with the Issuer's Series 2007 C Bonds, Series 2007 D Bonds, Series 2007 E Bonds, and Series 2007 F Bonds, issued simultaneously herewith, and the First Lien Bonds and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Second Lien Bonds, all in accordance with the terms of the Bonds and the Bond Legislation. The Issuer also has outstanding its CIF Bonds, which will be repaid solely from and will be secured solely by the Capacity Improvement Fees of the Issuer and the Surplus Revenues of the System and are not be payable from or secured by the Net Revenues of the System.

Berkeley County Public Service Sewer District, et al.
March 6, 2007
Page 2

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

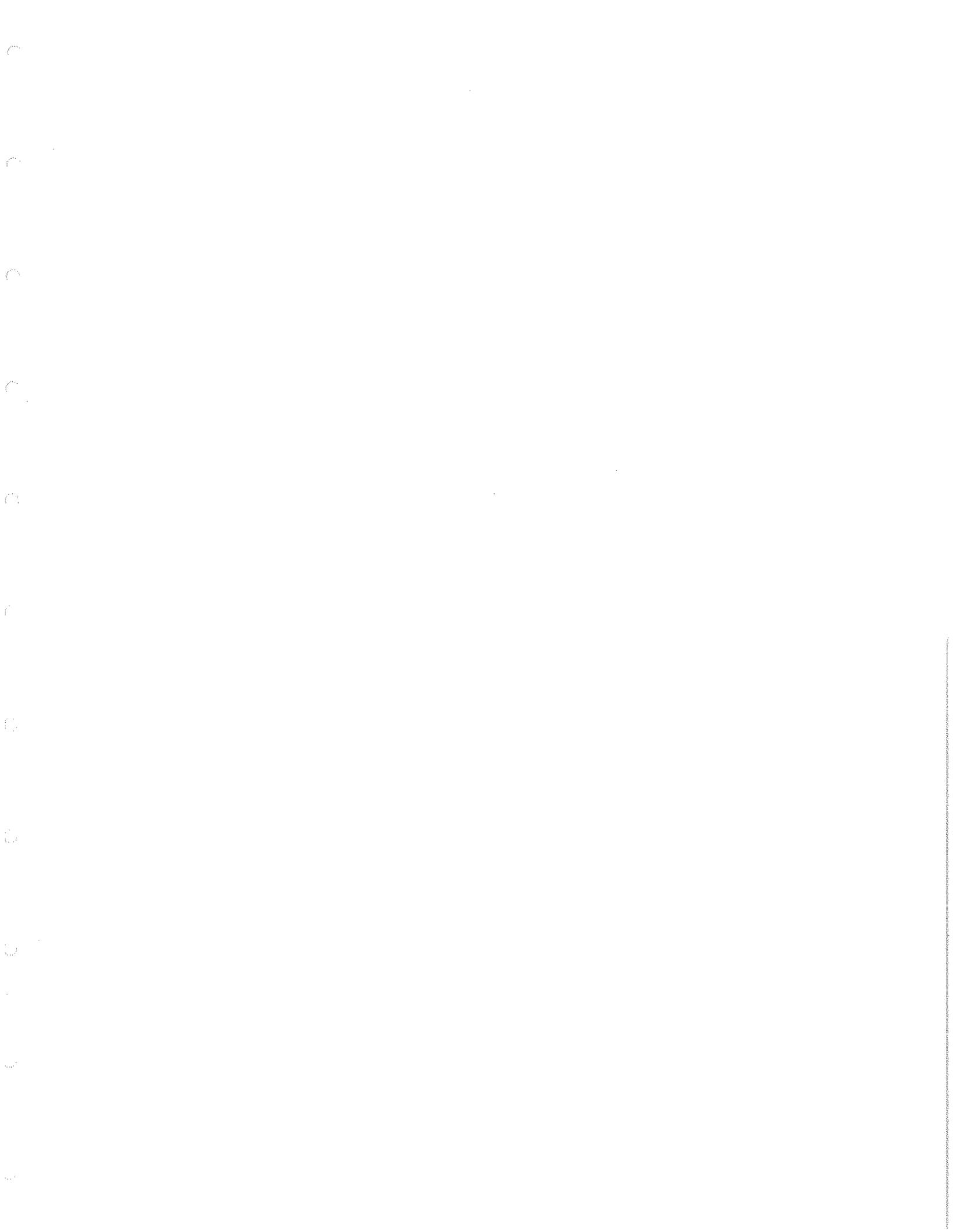
6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of said State, and interest on the Bonds is exempt from personal income taxes and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

Very truly yours,


STEPHENS & JOHNSON PLLC

02.27.07
067740.00015



March 6, 2007

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2007 C
(United States Department of Agriculture)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Berkeley County Public Service Sewer District in Berkeley County, West Virginia (the "Issuer"), of its Sewer Revenue Bonds, Series 2007 C, dated the date hereof issued in the aggregate principal amount of \$9,000,000 (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted February 20, 2007 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds, on a parity with the Issuer's, the Series 2007 B Bonds, Series 2007 D Bonds, Series 2007 E Bonds, and Series 2007 F Bonds, issued simultaneously herewith, and the First Lien Bonds and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Second Lien Bonds, all in accordance with the terms of the Bonds and the Bond Legislation. The Issuer also has outstanding its CIF Bonds, which will be repaid solely from and will be secured solely by the Capacity Improvement Fees of the Issuer and the Surplus Revenues of the System and will not be payable from or secured by the Net Revenues of the System.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

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

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

Very truly yours,



STEPH & JOHNSON PLLC

March 6, 2007

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2007 D
(United States Department of Agriculture)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Berkeley County Public Service Sewer District in Berkeley County, West Virginia (the "Issuer"), of its Sewer Revenue Bonds, Series 2007 D, dated the date hereof, issued in the aggregate principal amount of \$7,104,000 (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted February 20, 2007 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds, on a parity with the Issuer's and the Series 2007 B Bonds, Series 2007 C Bonds, Series 2007 E Bonds, Series 2007 F Bonds, issued simultaneously herewith, and the First Lien Bonds and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Second Lien Bonds, all in accordance with the terms of the Bonds and the Bond Legislation. The Issuer also has outstanding its CIF Bonds, which will be repaid solely from and will be secured solely by the Capacity Improvement Fees of the Issuer and the Surplus Revenues of the System and will not be payable from or secured by the Net Revenues of the System.

Berkeley County Public Service Sewer District, et al.

March 6, 2007

Page 2

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

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

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

Very truly yours,


STEPHENS & JOHNSON PLLC

02.27.07
067740.00015

March 6, 2007

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2007 E
(United States Department of Agriculture)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Berkeley County Public Service Sewer District in Berkeley County, West Virginia (the "Issuer"), of its Sewer Revenue Bonds, Series 2007 E, dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted February 20, 2007 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds, on a parity with the Issuer's, and the Series 2007 B Bonds, Series 2007 C Bonds, Series 2007 D Bonds, and Series 2007 F Bonds issued simultaneously herewith, and First Lien Bonds and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Second Lien Bonds, all in accordance with the terms of the Bonds and the Bond Legislation.

The Issuer also has outstanding its CIF Bonds, which will be repaid solely from and will be secured solely by the Capacity Improvement Fees of the Issuer and the Surplus Revenues of the System and will not be payable from or secured by the Net Revenues of the System.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

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

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

Very truly yours,


STEPTOE & JOHNSON PLLC

March 6, 2007

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2007 F
(United States Department of Agriculture)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Berkeley County Public Service Sewer District in Berkeley County, West Virginia (the "Issuer"), of its Sewer Revenue Bonds, Series 2007 F, dated the date hereof, issued in the aggregate principal amount of \$4,999,900 (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted February 20, 2007 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds, on a parity with the Issuer's, and the Series 2007 B Bonds, Series 2007 C Bonds, Series 2007 D Bonds, Series 2007 E Bonds issued simultaneously herewith, and First Lien Bonds and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Second Lien Bonds, all in accordance with the terms of the Bonds and the Bond Legislation. The Issuer also has outstanding its CIF Bonds, which will be repaid solely from and will be secured solely by the Capacity Improvement Fees of the Issuer and the Surplus Revenues of the System and will not be payable from or secured by the Net Revenues of the System.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

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

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

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

Very truly yours,


STEPTOE & JOHNSON PLLC

**BERKELEY COUNTY
PUBLIC SERVICE SEWER DISTRICT**

P.O. BOX 944
Martinsburg, WV 25402
Phone: (304) 263-8566
Fax: (304) 267-7478

Board of Directors:

John C. Kunkle, *Chairman*
John E. Myers, *Secretary*
Ronald K. Collins, *Treasurer*



William F. Rohrbaugh
General Counsel

March 6, 2007

Berkeley County Public Service Sewer District
Sewer Revenue Bonds, Series 2007 B,
Sewer Revenue Bonds, Series 2007 C,
Sewer Revenue Bonds, Series 2007 D,
Sewer Revenue Bonds, Series 2007 E and
Sewer Revenue Bonds, Series 2007 F
(United States Department of Agriculture)

Berkeley County Public Service Sewer District
Martinsburg, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Berkeley County Public Service Sewer District, a public service district in Berkeley County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted February 20, 2007 (the "Resolution"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds") and documents and orders of The County Commission of Berkeley County relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

I am of the opinion that:

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

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

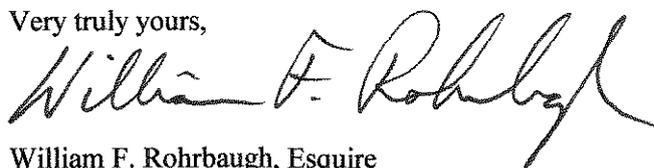
3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

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

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Berkeley County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges.

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

Very truly yours,



William F. Rohrbaugh, Esquire

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2007 B,
Sewer Revenue Bonds, Series 2007 C,
Sewer Revenue Bonds, Series 2007 D,
Sewer Revenue Bonds, Series 2007 E and
Sewer Revenue Bonds, Series 2007 F
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. GRANTS
15. CONFLICT OF INTEREST
16. PROCUREMENT OF ENGINEERING SERVICES
17. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Berkeley County Public Service Sewer District in Berkeley County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify, on this the 6th day of March, 2007, in connection with the Berkeley County Public Service Sewer District Sewer Revenue Bonds, Series 2007 B (United States Department of Agriculture), No. BR-1, dated the date hereof, fully registered, in the principal amount of \$9,000,000 and bearing interest at the rate of 4.125% per annum (the "Series 2007 B Bonds"), the Berkeley County Public Service Sewer District Sewer Revenue Bonds, Series 2007 C (United States Department of Agriculture), No. CR-1, dated the date hereof, fully registered, in the principal amount of \$9,000,000 and bearing interest at the rate of 4.125% per annum (the "Series 2007 C Bonds"), the Berkeley

County Public Service Sewer District Sewer Revenue Bonds, Series 2007 D (United States Department of Agriculture), No. DR-1, dated the date hereof, fully registered, in the principal amount of \$7,104,000 and bearing interest at the rate of 4.125% per annum (the "Series 2007 D Bonds"), the Berkeley County Public Service Sewer District Sewer Revenue Bonds Series 2007 E (United States Department of Agriculture), No. ER-1, dated the date hereof, fully registered, in the principal amount of \$500,000 and bearing interest at the rate of 4.1250% per annum (the "Series 2007 E Bonds"), and the Berkeley County Public Service Sewer District Sewer Revenue Bonds, Series 2007 F (United States Department of Agriculture), No. FR-1, dated the date hereof, fully registered, in the aggregate principal amount of \$4,999,900 and bearing interest at the rate of 4.125% per annum (collectively, the "Bonds" or the "Series 2007 Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions of the Purchaser, dated September 26, 2003, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted on February 20, 2007, authorizing issuance of the Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Resolution when used herein. The Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project located within the boundaries of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Bonds or receipt of any grant monies committed for the System; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds; nor in any way questioning or affecting the validity of the grants committed for the System or the Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds, have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in

accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Commission Orders of the Public Service Commission of West Virginia dated September 14, 2006 and February 15, 2006, in Case No. 06-0026-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, and approving the financing for the Project and approving rates for the Project. Such Orders remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in acquisition and construction of the Project.

There are outstanding obligations of the Issuer which rank either on a parity with or junior and subordinate to the Series 2007 Bonds as to liens, pledge and/or source of and security for payment, which obligations are designated and have the lien positions with respect to the Series 2007 Bonds as follows:

	<u>Designation</u>	<u>Lien Position</u>
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

	<u>Designation</u>	<u>Lien Position</u>
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
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

	<u>Designation</u>	<u>Lien Position</u>
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), 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

	<u>Designation</u>	<u>Lien Position</u>
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 Refunding Revenue Bonds, Series 2006 A, dated October 19, 2006, issued in the original aggregate principal amount of \$3,755,000 (the "Series 2006 A Bonds")	First Lien
25.	Sewer Refunding Revenue Bonds, Series 2006 B, dated October 19, 2006, issued in the original aggregate principal amount of \$185,000 (the "Series 2006 B Bonds")	First Lien
26.	Sewer Revenue Bonds, Series 2007 A, dated March 6, 2007 issued in the original aggregate principal amount of \$3,970,000 (the "Series 2007 A Bonds")	First Lien
27.	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 Issuer also has outstanding its Sewer Capacity Improvement Fee Revenue Bonds, Series 2006 A, dated November 2, 2006, issued in the aggregate principal amount of \$15,405,000 (the "CIF Bonds"). The CIF Bonds will be repaid solely from and will be secured solely by the Capacity Improvement Fees of the Issuer and the Surplus Revenues of the System (all as more clearly hereinafter defined and described) and will not be payable from or secured by the Net Revenues of the System.

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, the Series 2006 B Bonds, and the Series 2007 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 2007 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. Prior to the issuance of the Series 2007 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 2007 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 2007 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.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date of delivery of the Bonds on the date hereof, officially execute and seal the Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected, appointed, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer.

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

Bond Resolution

Public Service Commission Orders

County Commission Orders Regarding Creation of the District and Approval of Public Service Commission

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes of Adoption of Bond Resolution and Special Meeting

United States Department of Agriculture Letter of Conditions, with Amendments and Closing Instructions

United States Department of Agriculture Loan Agreement

Consent of the West Virginia Water Development Authority

7. 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:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
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 2007 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.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Bonds were delivered to the Purchaser at Martinsburg, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the

Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Bonds, the amount of \$1,775,900 was received by the undersigned Chairman, being a portion of the principal amount of the Bonds. Further advances of the balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.125% per annum on the Series 2007 B Bonds, the Series 2007 C Bonds, the Series 2007 D Bonds, the Series 2007 E Bonds, and the Series 2007 F Bonds is payable from the date of each such advance.

The Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

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

10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, 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 acquisition, construction, operation and financing of the Project and the System were authorized or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions of the Purchaser, as amended, and the Bond Resolution.

12. CONNECTIONS, ETC.: The Issuer will serve at least 2,088 bona fide full-time users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by such Purchaser.

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

15. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

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

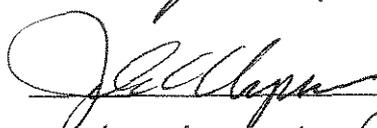
WITNESS our signatures and the official seal of BERKELEY COUNTY
PUBLIC SERVICE SEWER DISTRICT on the day and year first written above.

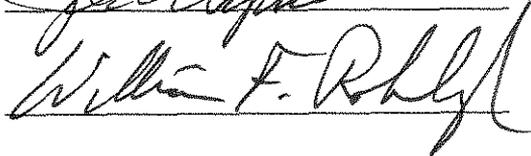
[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE







Chairman

Secretary

Attorney for Issuer

02.27.07
067740.00015

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2007 B,
Sewer Revenue Bonds, Series 2007 C,
Sewer Revenue Bonds, Series 2007 D,
Sewer Revenue Bonds, Series 2007 E and
Sewer Revenue Bonds, Series 2007 F
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Steven Cole, Registered Professional Engineer, West Virginia License No. 10436, of Woolpert, Inc., Ashland, Kentucky, hereby certify that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing sewerage system (the "System") of Berkeley County Public Service Sewer District (the "Issuer"), to be acquired and constructed in Berkeley County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

I further certify that the Project is adequate for the purpose for which it was designed and that all necessary governmental approvals, consents, authorizations, certificates and permits for the acquisition and construction thereof have been obtained or can and will be obtained.

WITNESS my signature on this 6th day of March, 2007.

WOOLPERT, INC.



Steven Cole, P.E.
West Virginia License No. 10436



02.05.07
067740.00015

March 6, 2007

Berkeley County Public Service Sewer District
Sewer Refunding Revenue Bonds, Series 2007 A
(Crews & Associates, Inc.)
and

Sewer Refunding Revenue Bonds, Series 2007 B,
Sewer Revenue Bonds, Series 2007 C,
Sewer Revenue Bonds, Series 2007 D,
Sewer Revenue Bonds, Series 2007 E and
Sewer Revenue Bonds, Series 2007 F
(United States Department of Agriculture)

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

United States Department of Agriculture
Elkins, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Commission Orders of the Public Service Commission of West Virginia, entered September 14, 2006, and February 15, 2007, in Case No.06-0026-PSD-CN, projected operation and maintenance expenses and anticipated customer usage as furnished to us by Berkeley County Public Service Sewer District (the "Issuer"), it is our opinion that the 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 annual amount required in each year for debt service on the Issuer's Sewer Refunding Revenue Bonds, Series 2007 A (Crews & Associates, Inc.) and Sewer Refunding Revenue Bonds, Series 2007 B, Sewer Revenue Bonds, Series 2007 C, Sewer Revenue Bonds, Series 2007 D, Sewer Revenue Bonds, Series 2007 E and Sewer Revenue Bonds, Series 2007 F (United States Department of Agriculture) (collectively, the "Series 2007 Bonds"), and all other obligations secured by or payable from the Net Revenues of the System, on a parity with or junior to the Series 2007 Bonds, including all Prior Bonds of the Issuer as defined and described in the Bond Resolution of the Issuer adopted on February 20, 2007, authorizing the Series 2007 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 Series 2007 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of the Series 2007 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 Series 2007 Bonds.

It is also our further opinion that the current schedule of rates and charges are sufficient to generate revenues equal to 100% of the annual payment of principal of and interest on all obligations payable from the Net Revenues, including but not limited to the Sewer Net Revenue Bonds and the Subordinate Sewer Net Revenue Bonds, and the Series 2006 A CIF Bonds and any obligations on a parity with the Series 2006 A CIF Bonds.

All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Resolution of the Issuer adopted on February 20, 2007, as supplemented.

Very truly yours,

Yount, Hyde & Barbour, P.C.

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, ac-
curate and complete copy of COMMISSION MINUTES OF NOVEMBER 27, 1979

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

John W. Small
Clerk of the County Court of Berkeley County, W. Va.

A TRUE COPY
ATTEST

John W. Small, Jr., Clerk
Berkeley County Court

By Thomas D. Freedland
Deputy Clerk

Minute Book No. 25 County Commission of Berkeley County, West Virginia

Commission Minutes of Nov. 27, 1979 cont'd

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, pursuant 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 an 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

THE COMMISSION

HOWARD L. STRAUSS, COMMISSIONER
POST OFFICE BOX 1812
MARTINSBURG, WEST VIRGINIA 25402

STEVEN C. TEUFEL, COMMISSIONER
POST OFFICE BOX 1050
MARTINSBURG, WEST VIRGINIA 25402

JOHN E. WRIGHT, COMMISSIONER
POST OFFICE BOX 357
BUNKER HILL, WEST VIRGINIA 25413

www.berkeleycountycomm.org

DEBORAH HAMMOND
COUNTY ADMINISTRATOR

SHERRY A. CAIN
ADMINISTRATIVE SECRETARY

June 12, 2003

John Myers
2114 Street of Dreams
Martinsburg, WV 25401

Dear Mr. Myers:

The Berkeley County Commission, at its meeting on June 12, 2003 re-appointed you to serve as a member on the Berkeley County Public Service Sewer District effective July 1, 2003. Your term will expire on June 30, 2009.

In order to legally serve in this capacity, you must report to the County Clerk's Office in the Berkeley County Courthouse, 100 West King Street, to sign your Oath of Office. Please take this letter to the Courthouse with you for purposes of oath preparation.

If you have any questions or do not wish to serve, please contact me at 264-1923.

Best regards,

Deborah 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

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POST OFFICE BOX 357
BUNKER HILL, WEST VIRGINIA 25413

www.berkeleycountycomm.org

DEBORAH HAMMOND
COUNTY ADMINISTRATOR

SHERRY A. GAIN
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

THE COMMISSION

HOWARD L. STRAUSS, COMMISSIONER
STEVEN C. TEUFEL, COMMISSIONER
RONALD K. COLLINS, COMMISSIONER

www.berkeleycountycomm.org

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,

A handwritten signature in cursive script, appearing to read "Deborah E. Hammond".

Deborah E. Hammond
County Administrator

Doc: collins r/ps

Cc: John W. Small Jr. County 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 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

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

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.

Ronald K Collins

State of West Virginia,
Berkeley County, Sch.:

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

[Signature]
Clerk of the County Court of Berkeley County.

REC'D - COUNTY CLERK - BERKELEY COUNTY, W. VA.

State of West Virginia,
Berkeley County, Sch.:

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

[Signature]

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

PUBLIC SERVICE
COMMISSION OF
WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC
SERVICE COMMISSION OF
WEST VIRGINIA in the City
of Charleston on the 11th day
of January, 2006.

CASE NO. 06-0026-PSD-CN

BERKELEY COUNTY
PUBLIC SERVICE SEWER
DISTRICT

Martinsburg, WV 25402
Application for a certificate of
convenience and necessity to
construct, operate and main-
tain the North Berkeley Sewer
Project, Phase I in the Spring
Mills, Hainesville, Bedington,
Bessemer and Berkeley Sta-
tion areas of Berkeley Coun-
ty, West Virginia.

NOTICE OF FILING

WHEREAS, on January
10, 2006, Berkeley County
Public Service Sewer District,
filed an application, duly veri-
fied, for a Certificate to con-
struct certain additions and
improvements to the public
sewer system in Berkeley
County. The application is on
file with and available for pub-
lic inspection at the Public
Service Commission, 201
Brooks Street, in Charleston,
West Virginia.

WHEREAS, the Berkeley
County Public Service Sewer
District estimates that con-
struction will cost up to
\$34,000,000.00. The Appli-
cant intends to fund the entire
cost of the Project with a sub-
sidized loan through the
USDA Rural Utility Service
("RUS") at 4.25% interest for
a term of forty (40) years.
The Applicant also intends to
obtain interim construction
financing with a line of credit
through Susquehanna Bank
(\$50,000.00 front-end fee) at
an interest rate based upon
the 5-year Treasury Note on
the date of closing (currently
5.9%).

WHEREAS, the utility an-
ticipates charging the existing
sewer use rates for its custo-
mers:

Volumetric Charge
\$7.60 per 1,000 gallons usage
Service Charge
\$7.90 per month

Fiat Rate
\$42.08 per month

Service Connection Charge
\$350.00

DELAYED PAYMENT
PENALTY

The above tariff is net. Any
account not paid in full within
twenty (20) days of the in-
terest pay date, ten percent
(10%) will be added to the net
current amount unpaid. This
delayed payment penalty is
not interest and is to be col-
lected only once for each bill
where it is appropriate

Resale customers of
Berkeley County Public Ser-
vice Sewer District include
Sylvan Grove Waste Treat-
ment, Inc.

The requested rates and
charges are only a proposal
and are subject to change (in-
creases or decreases) by the
Public Service Commission in
its review of this filing.

Pursuant to 24-2-11, West
Virginia Code, IT IS OR-
DERED that Berkeley County
Public Service Sewer District
give notice of the filing of said
application, by publishing a
copy of this order once in a
newspaper duly qualified by
the Secretary of State, pub-
lished and of general circula-
tion in Berkeley County, mak-
ing due return to this Com-
mission of proper certification
of publication immediately
after publication. Anyone
desiring to protest or inter-
vene should file a written pro-
test or notice of intervention
within 30 days following the
date of this publication unless
otherwise modified by Com-
mission order. Failure to time-
ly protest or intervene can af-
fect your right to protest as-
pects of this certificate case,
including any associated rate
increases, or to participate in
future proceedings. All pro-
tests or requests to intervene
should briefly state the reason

for the protest or intervention.
Requests to intervene must
comply with the
Commission's rules on inter-
vention set forth in the
Commission's Rules of Prac-
tice and Procedure. All pro-
tests and interventions should

be addressed to Sandra
Squire, Executive Secretary,
P.O. Box 612, Charleston,
West Virginia 25323.

IT IS FURTHER OR-
DERED that if no protest are
received within said thirty (30)

day period, the Commission
may waive formal hearing and
grant the application based on
the evidence submitted with
said application and its review
thereof.

FOR THE COMMISSION:

Sandra Squire
Executive Secretary
1:20 (11)

Certificate of Publication

This is to certify the annexed advertisement

BC PSSD

public service commission of WV

appeared for 1 consecutive days/weeks
in The Journal Publishing Company, a news-
paper published in the City of Martinsburg,
WV in its issue beginning:

1/20/06

and ending

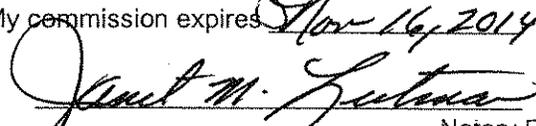
The Journal

207 W. King Street
Martinsburg, WV 25401

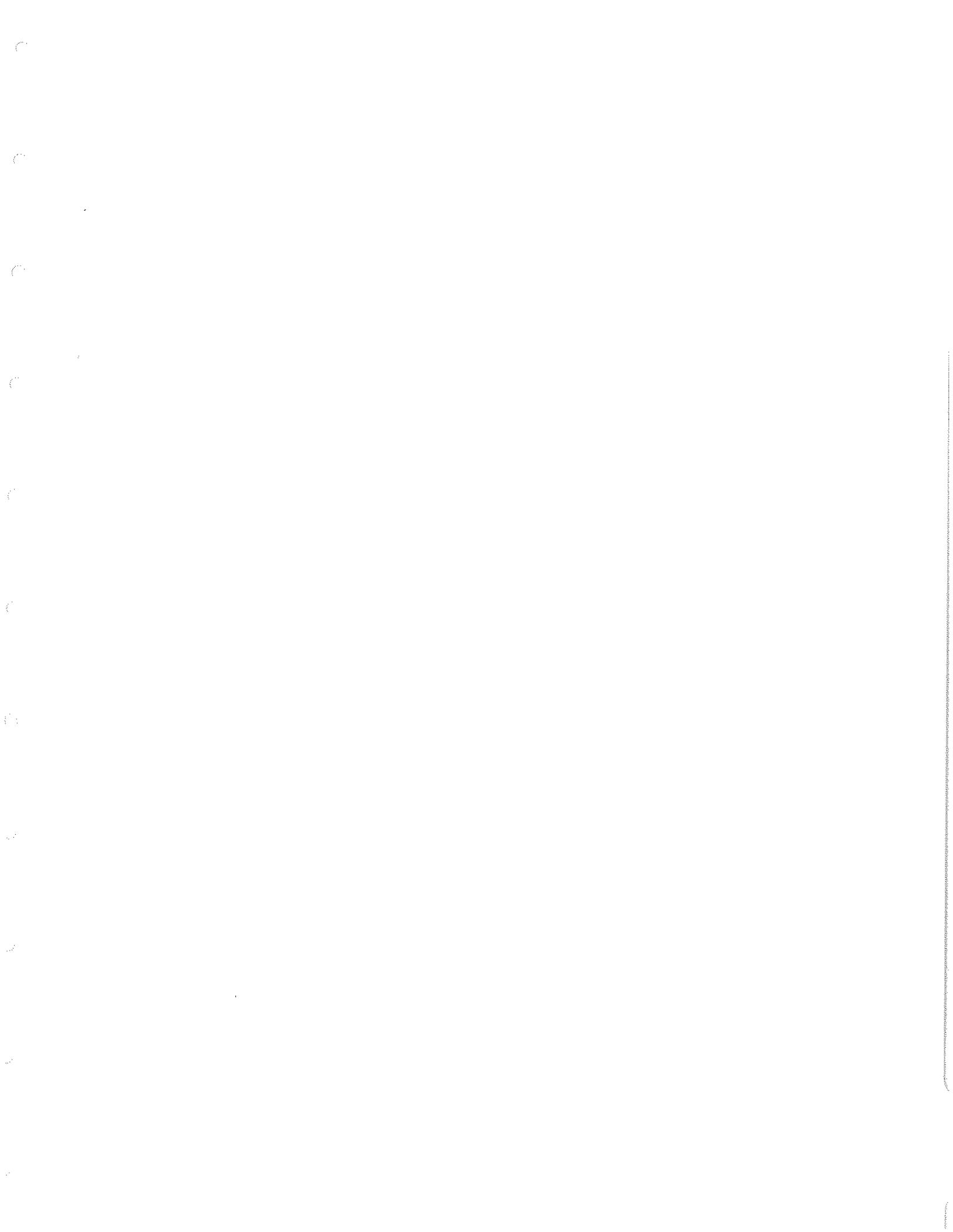
Fee\$ 104.05

THE STATE OF WEST VIRGINIA
COUNTY OF BERKELEY

The foregoing instrument was acknowledged
before me this 1-26-06 by


My commission expires Nov 16, 2014

Notary Public





**BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT
65 DISTRICT WAY
MARTINSBURG, WEST VIRGINIA 25404**

**MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING
JANUARY 9, 2007**

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
Chief of Plant Operations Clifton Browning
Chief of Construction John Wood

Others Present:

Cheryl Young Owner, Property owner Exemption from CIF Request
Mike Folk, Property Owner FOIA Request
Jack Meyer, Potomac Portable & Septic, Discontinuation of hauling services
Billy Stanley, Billy's Septic, Discontinuation of hauling services
Mark Smith, Jr., Marks Tank Cleaning, Discontinuation of hauling services
Mike Mauck, Marks Tank cleaning, Discontinuation of hauling services
Brian Frazee, Marks Tank Cleaning, Discontinuation of hauling services
John Powell, Powells Plumbing, Inc., Discontinuation of hauling services

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 Treasurer Collins, seconded by Secretary Myers to approve agenda and packet as presented.

Unanimously approved.

ELECTION OF OFFICERS

Motion made by Treasurer Collins, 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 the minutes from December 12, 2006.

Unanimously approved.

CITIZEN PARTICIPATION

Cheryl Young requested that her CIF fee be waived and refunded. She bought property in 1990 and paid for a line extension along with four other residents. Everyone hooked up to sewer but them. She is requesting exemption from the fee because she made a contribution to extend the service. Staff explained that the CIF was not related to the cost of the extension and therefore should be paid. Ms. Young, BOD, and staff agreed to send the question regarding the CIF to the PSC for review and recommendations.

Mike Folk presented a FOIA request to the BOD and staff. A copy will be attached to the minutes.

The Berkeley County liquid waste (septage) haulers received letter last Saturday from Spirit Services in Williamsport, MD regarding discontinuation of disposal services to the Berkeley County (out of state) haulers, effective February 1, 2007. This action eliminates the haulers only current outlet for disposal. They were requesting for the District to accept their waste. BOD and staff explained that the District currently is not permitted nor has the adequate facilities to accept their waste. BOD and staff agreed that not having access to a disposal site is a serious problem for the haulers and residents of Berkeley County. Staff stated they would look into what could be done, at least on a temporary basis, to provide a disposal location for the haulers. BOD, staff, and the haulers agreed to discuss the matter again at the BOD meeting on January 23, 2007.

MANAGEMENT REPORTS

Chief of Construction John Wood updated the BOD with the following information:

- Inspections slowed- subdivisions have slowed down. Walmart (Spring Mills) is starting next week.
- Camera Crew- started back with GPS
- Field crew at Howard Speaks – completed one run. One Run is left and manholes will be delivered next week. Will be working on conduit for pump station electric as well.
- Installing surge tank and repairing sand beds at Northwinds
- Working with Contractor on Conduit repair and tree removal at Baker Heights
- Second crew working on taps
- Replaced boards on trailer
- Did some site work at Ecolab

General Counsel William Rohrbaugh updated the BOD with the following information”

- Cheryl Young- Willam Rohrbaugh to send package to PSC on matter

- Commissioner Shaw resigned from PSC
- Two complaints filed regarding water adjustments
- Easements on N. Berkeley- offers will be made pursuant to RPARR. Cost is about \$75,000.00. Request to use LOC for payment.

General Manager Keller updated the BOD with the following information:

- New phone system installation is almost complete. Upgrade should provide improved service and access to District customers.
- CIF Collection Worksheet
- Intent to serve for Altair Farms on Rt. 45 East

PROJECTS

N. BERKELEY

- Bid Overrun by 15%
- Current RUS rate 4.125%. Can get up to \$5 million additional loan money from them at this rate.
- Pump station prices were well over engineer's estimate. RUS will allow us to bid materials as a separate contract. Staff is working with Woolpert to get a package together and see if we can cut some of the costs back with better pricing on the pump station materials.
- Could close on all RUS funding to take advantage of 4.125% interest rate and not use a BAN for construction financing. District would save approximately \$950,000.00 in interest cost over term of loan.
- Proforma on the project costs uses 1000 new customers/year. It provides the District with 128% parity coverage and 105% coverage on additional test required by CIF bonds.

BAKER HEIGHTS WWTP Upgrade

Alvarez has started on site work and demolishing of old tanks. Working on digester excavation and hit conduit for pump station electrical feed. Our crews are working with Alvarez to relocate the power service and tree removal from part of the site.

INWOOD WWTP Upgrade

Alvarez is making good process on the construction. They have completed excavation of the new digester tank and are working on forms and rebar to pour the floor. They have also rerouted the influent line to prepare for excavation of the SBR tanks. Other site work is ongoing as well as work on the blower and chemical buildings.

O/H WWTP FACILITY PLAN UPDATE

General Manager Keller reported that Pentree will have final version of plan to us by end of January.

READING, CORRECTION AND APPROVAL OF FINANCIALS/PAYROLL

Motion made by Treasurer Collins, seconded by Secretary Myers to approve the Accounts Payable.

Unanimously approved.

General Manager Keller requested approval to draw on LOC in the amount of \$62,812.90 to pay Woolpert for engineering services related to the N. Berkeley Project.

Motion made by Treasurer Collins, seconded by Secretary Myers to approve using the LOC to pay Woolpert \$62,812.30.

Unanimously approved.

OLD / NEW BUSINESS

No Old/New Business was discussed.

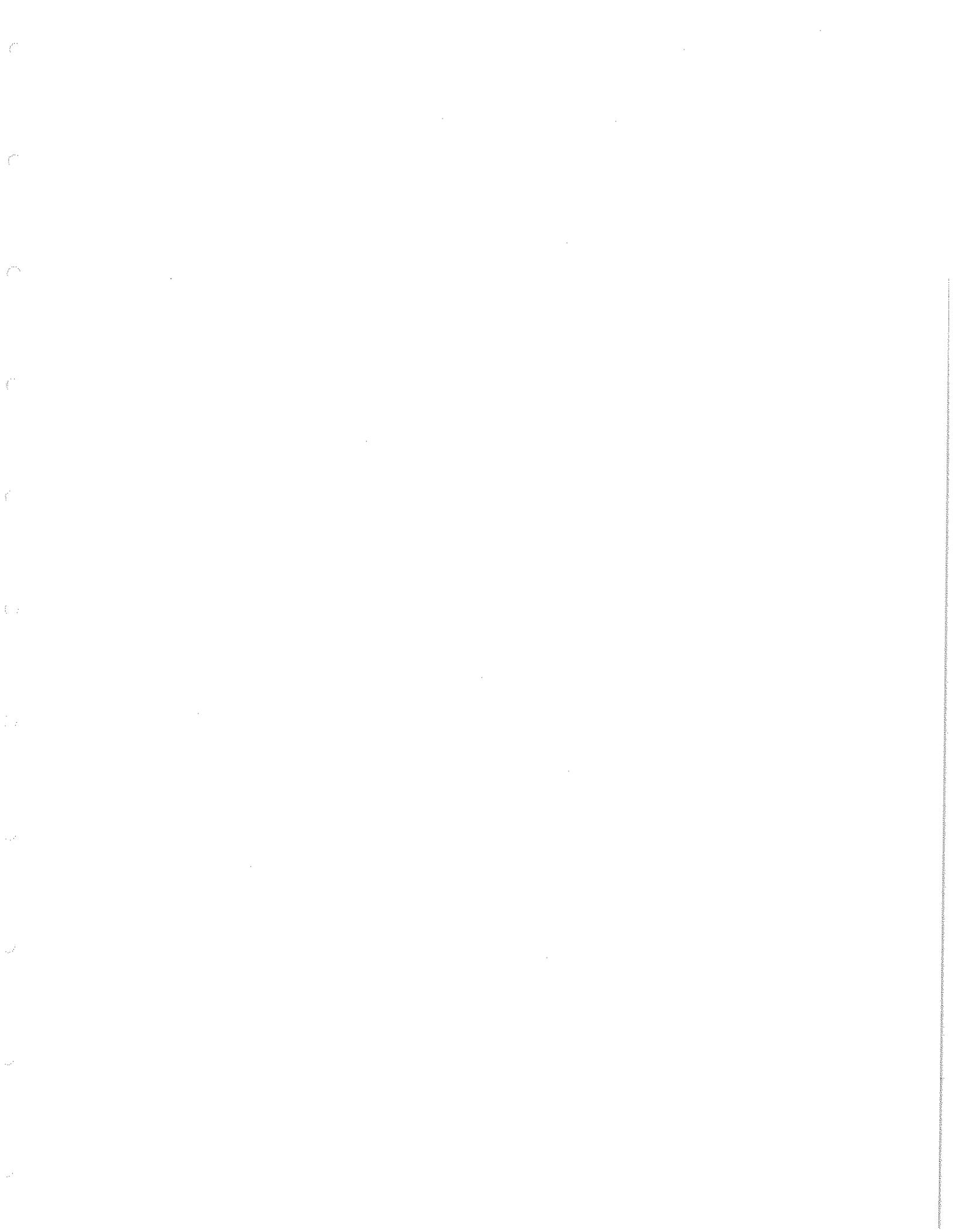
EXECUTIVE SESSION

No Executive Session was needed.

ADJOURNMENT

Motion made by Treasurer Collins, seconded by Secretary Myers, to adjourn the meeting at p.m. 8:35 p.m.

Unanimously approved.



BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2007 B,
Sewer Revenue Bonds, Series 2007 C,
Sewer Revenue Bonds, Series 2006 D,
Sewer Revenue Bonds, Series 2006 E and
Sewer Revenue Bonds, Series 2006 F
(United States Department of Agriculture)

MINUTES ON ADOPTION OF BOND RESOLUTION

The undersigned Secretary of the Public Service Board of Berkeley County Public Service Sewer District, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Berkeley County Public Service Sewer District met in special session, pursuant to notice duly given, on the 20th day of February, 2007, at 65 District Way, Martinsburg, West Virginia, at the hour of 7:00 a.m., prevailing time.

PRESENT:	John Kunkle	-	Chairman
	John Myers	-	Secretary
	Ronald C. Collins	-	Treasurer

John Kunkle, Chairman, presided, and John Myers, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE SYSTEM OF BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT

MORE THAN \$9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REFUNDING BONDS, SERIES 2007 B (UNITED STATES DEPARTMENT OF AGRICULTURE), NOT MORE THAN \$9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 C (UNITED STATES DEPARTMENT OF AGRICULTURE), NOT MORE THAN \$7,104,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 D (UNITED STATES DEPARTMENT OF AGRICULTURE), NOT MORE THAN NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 E (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN NOT MORE THAN \$4,999,900 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2007 F (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

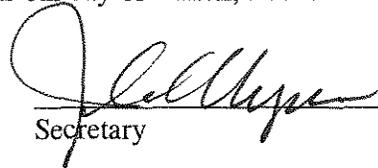
and caused the same to be read and there was discussion. Thereupon, on motion duly made by Ronald C. Collins and seconded by John Myers, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

CERTIFICATION

I further hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 6th day of March, 2007.


Secretary

02.27.07
067740.00015



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

NEW ISSUE REPORT FORM

Date of Report: March 6, 2007

ISSUE: Berkeley County Public Service Sewer District, Sewer Revenue Bonds, Series 2007 B (United States Department of Agriculture)

ADDRESS: P.O. Box 944, Martinsburg, WV 25402-0944 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 6, 2007 CLOSING DATE: March 6, 2007

ISSUE AMOUNT: \$9,000,000 RATE: 4.125 %

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: None

BOND COUNSEL: Step toe & Johnson PLLC
Contact Person: John C. Stump
Phone: (304) 343.8196

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: N/A
Contact Person: _____
Phone: _____

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Curtis Keller, MBA
Position: General Manager
Phone: (304) 263.8566 (ex. 123)

OTHER: United States Department of Agriculture
Contact Person: Joe Crickenberger
Function: Rural Development Specialist
Phone: (304) 636.2158

DEPOSITS TO MBC AT CLOSE: _____
By: _____ Wire _____
_____ Check _____
Accrued Interest: \$ _____
Capitalized Interest: \$ _____
Reserve Account: \$ _____
Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____
_____ Check _____
_____ IGT _____
To Escrow Trustee: \$ _____
To Issuer: \$ _____
To Cons. Invest. Fund: \$ _____
To Other: _____ \$ _____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2007 B Bonds Reserve Account. Payments to the Series 2007 B Bonds Reserve Account will commence 24 months from date of closing.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

Date of Report: March 6, 2007

ISSUE: Berkeley County Public Service Sewer District, Sewer Revenue Bonds, Series 2007 C (United States Department of Agriculture)

ADDRESS: P.O. Box 944, Martinsburg, WV 25402-0944 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X
 Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 6, 2007 CLOSING DATE: March 6, 2007

ISSUE AMOUNT: \$9,000,000 RATE: 4.125 %

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: None

BOND COUNSEL: Steptoe & Johnson PLLC UNDERWRITERS COUNSEL: _____
 Contact Person: John C. Stump Contact Person: _____
 Phone: (304) 343.8196 Phone: _____

CLOSING BANK: N/A ESCROW TRUSTEE: _____
 Contact Person: _____ Contact Person: _____
 Phone: _____ Phone: _____

KNOWLEDGEABLE ISSUER CONTACT OTHER: United States Department of Agriculture
 Contact Person: Curtis Keller, MBA Contact Person: Joe Crickenberger
 Position: General Manager Function: Rural Development Specialist
 Phone: (304) 263.8566 (ex. 123) Phone: (304) 636.2158

DEPOSITS TO MBC AT CLOSE: _____
 By: _____ Wire _____ Accrued Interest: \$ _____
 _____ Check _____ Capitalized Interest: \$ _____
 _____ Other: _____ Reserve Account: \$ _____
 _____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
 By: _____ Wire _____ To Escrow Trustee: \$ _____
 _____ Check _____ To Issuer: \$ _____
 _____ IGT _____ To Cons. Invest. Fund: \$ _____
 _____ To Other: _____ \$ _____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2007 C Bonds Reserve Account. Payments to the Series 2007 C Bonds Reserve Account will commence 24 months from date of closing.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
 DOCUMENTS REQUIRED: _____
 TRANSFERS REQUIRED: _____

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

NEW ISSUE REPORT FORM

Date of Report: March 6, 2007

ISSUE: Berkeley County Public Service Sewer District, Sewer Revenue Bonds, Series 2007 D (United States Department of Agriculture)

ADDRESS: P.O. Box 944, Martinsburg, WV 25402-0944 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 6, 2007 CLOSING DATE: March 6, 2007

ISSUE AMOUNT: \$7,104,000 RATE: 4.125 %

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: None

BOND COUNSEL: Steptoe & Johnson PLLC UNDERWRITERS COUNSEL: _____
Contact Person: John C. Stump Contact Person: _____
Phone: (304) 343.8196 Phone: _____

CLOSING BANK: N/A ESCROW TRUSTEE: _____
Contact Person: _____ Contact Person: _____
Phone: _____ Phone: _____

KNOWLEDGEABLE ISSUER CONTACT OTHER: United States Department of Agriculture
Contact Person: Curtis Keller, MBA Contact Person: Joe Crickenberger
Position: General Manager Function: Rural Development Specialist
Phone: (304) 263.8566 (ex. 123) Phone: (304) 636.2158

DEPOSITS TO MBC AT CLOSE: _____
By: _____ Wire _____ Accrued Interest: \$ _____
_____ Check _____ Capitalized Interest: \$ _____
_____ Reserve Account: \$ _____
_____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer: \$ _____
_____ IGT _____ To Cons. Invest. Fund: \$ _____
_____ To Other: _____ \$ _____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2007 D Bonds Reserve Account. Payments to the Series 2007 D Bonds Reserve Account will commence 24 months from date of closing.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

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

NEW ISSUE REPORT FORM

Date of Report: March 6, 2007

ISSUE: Berkeley County Public Service Sewer District, Sewer Revenue Bonds, Series 2007 E (United States Department of Agriculture)

ADDRESS: P.O. Box 944, Martinsburg, WV 25402-0944 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 6, 2007 CLOSING DATE: March 6, 2007

ISSUE AMOUNT: \$500,000 RATE: 4.125 %

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: None

BOND COUNSEL: Steptoe & Johnson PLLC UNDERWRITERS COUNSEL: _____
Contact Person: John C. Stump Contact Person: _____
Phone: (304) 343.8196 Phone: _____

CLOSING BANK: N/A ESCROW TRUSTEE: _____
Contact Person: _____ Contact Person: _____
Phone: _____ Phone: _____

KNOWLEDGEABLE ISSUER CONTACT OTHER: United States Department of Agriculture
Contact Person: Curtis Keller, MBA Contact Person: Joe Crickenberger
Position: General Manager Function: Rural Development Specialist
Phone: (304) 263.8566 (ex. 123) Phone: (304) 636.2158

DEPOSITS TO MBC AT CLOSE: _____
By: _____ Wire _____ Accrued Interest: \$ _____
_____ Check _____ Capitalized Interest: \$ _____
_____ Reserve Account: \$ _____
_____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer: \$ _____
_____ IGT _____ To Cons. Invest. Fund: \$ _____
_____ To Other: _____ \$ _____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2007 E Bonds Reserve Account. Payments to the Series 2007 E Bonds Reserve Account will commence 24 months from date of closing.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

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

NEW ISSUE REPORT FORM

Date of Report: March 6, 2007

ISSUE: Berkeley County Public Service Sewer District, Sewer Revenue Bonds, Series 2007 F (United States Department of Agriculture)

ADDRESS: P.O. Box 944, Martinsburg, WV 25402-0944 COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 6, 2007 CLOSING DATE: March 6, 2007

ISSUE AMOUNT: \$4,999,900 RATE: 4.125%

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A PAYING AGENT: None

BOND COUNSEL: Steptoe & Johnson PLLC UNDERWRITERS COUNSEL: _____
Contact Person: John C. Stump Contact Person: _____
Phone: (304) 343.8196 Phone: _____

CLOSING BANK: N/A ESCROW TRUSTEE: _____
Contact Person: _____ Contact Person: _____
Phone: _____ Phone: _____

KNOWLEDGEABLE ISSUER CONTACT OTHER: United States Department of Agriculture
Contact Person: Curtis Keller, MBA Contact Person: Joe Crickenberger
Position: General Manager Function: Rural Development Specialist
Phone: (304) 263.8566 (ex. 123) Phone: (304) 636.2158

DEPOSITS TO MBC AT CLOSE: _____
By: _____ Wire _____ Accrued Interest: \$ _____
_____ Check _____ Capitalized Interest: \$ _____
_____ Reserve Account: \$ _____
_____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer \$ _____
_____ IGT _____ To Cons. Invest. Fund \$ _____
_____ To Other: _____ \$ _____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2007 F Bonds Reserve Account. Payments to the Series 2007 F Bonds Reserve Account will commence 24 months from date of closing.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

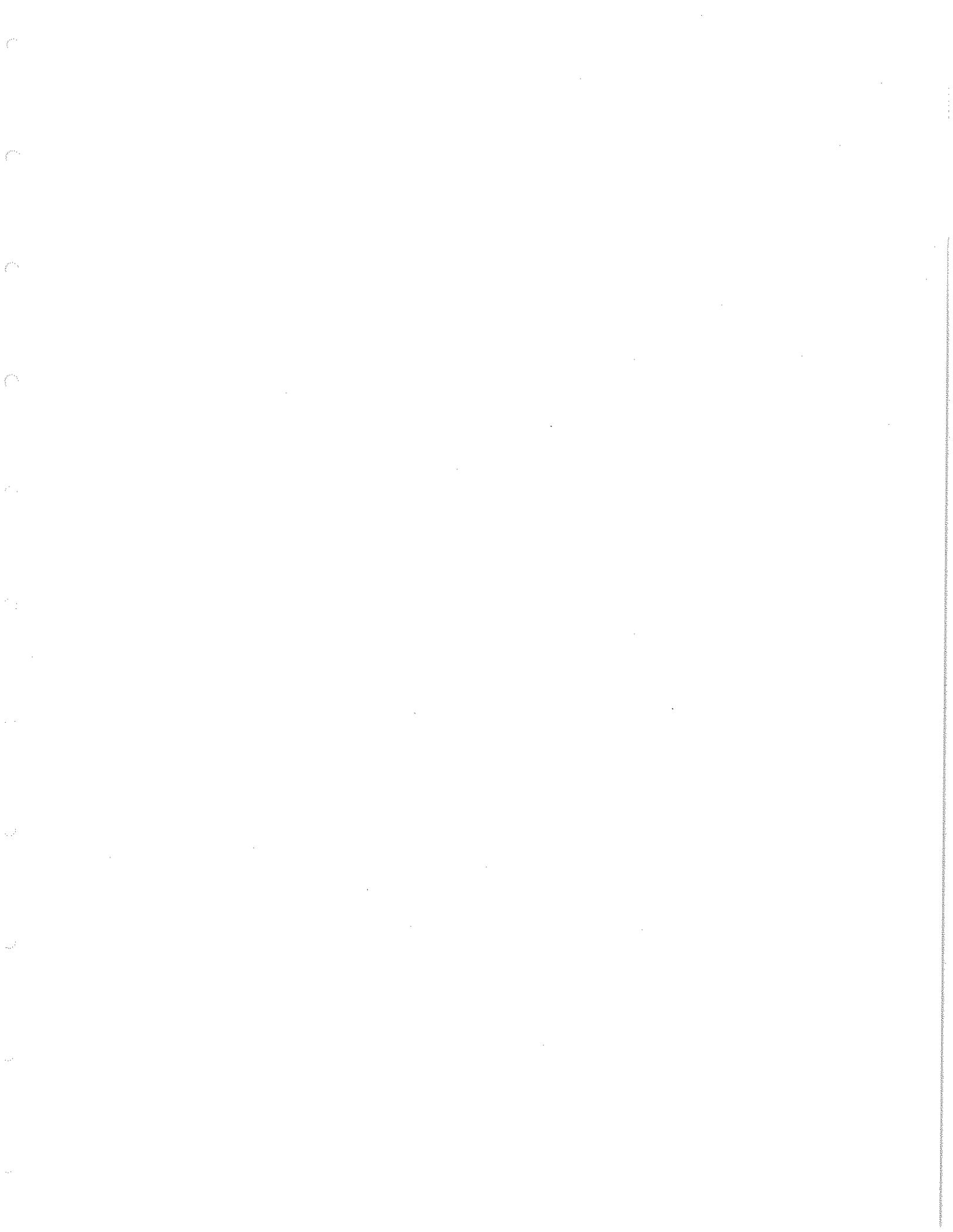
The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer 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.

02.27.07
067740.00015





Joe RUS copy

United States Department of Agriculture
Rural Development
West Virginia State Office

February 12, 2007

COPY

John C. Kunkle, Chairman
Berkeley County Public Service Sewer District
P.O. Box 944
Martinsburg, WV 25402-0944

RE: Amendment No. 2 to
Letter of Conditions

Dear Mr. Kunkle:

This letter, with Attachment No. 1 amends the letter of conditions dated September 26, 2003 and Amendment No. 1 dated July 19, 2006 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loans will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of \$25,104,000, a subsequent RUS loan in the amount of \$500,000, a second subsequent loan of \$4,999,900 and other funding in the amount of \$3,970,000, for a total project cost of \$34,573,900. The other funding is planned in the form of a loan from Crews and Associates.

Subject to the requirements noted herein, all of the conditions of the September 26, 2003 letter of conditions and Amendment No. 1 dated July 19, 2006 remain in effect and must be satisfied prior to loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

Federal Building • 75 High Street • Suite 320 • Morgantown, WV 26705-7500
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,
Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).

The conditions referred to above are as follows:

1. Loan Repayment – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 4.125% interest rate and monthly amortization factor of 0.00435 which provides for a monthly payment of \$21,750 on the subsequent loan. The monthly payment for the initial \$25,104,000 loan is \$111,211; the monthly payment for the subsequent \$500,000 loan is \$2,295; and the monthly payment for the subsequent \$4,999,900 loan is \$21,750 for a total loan of \$30,603,900 and a total monthly payment of \$135,256.

Due to system limitations, obligations and closings for our agency that exceed \$9,999,999.99 must be reflected as separate amounts. Therefore, the PSSD currently has three obligations, all with the same interest rate: two in the amount of \$9,000,000, and one in the amount of \$7,104,000, for a total initial loan of \$25,104,000. There will have to be three separate bonds for the initial loan; however, the three bonds may be described in the same loan resolution.

The bond for the \$500,000 subsequent loan will need to be a separate bond, and the bond for the \$4,999,900 subsequent loan will also need to be a separate bond, and both will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bonds to be described in the same loan resolution as the three initial loans described above and for all other information and items of the loan resolution and bond transcript to reflect a \$30,603,900 total issue consisting of five bonds. A copy of this letter should be provided to your bond counsel immediately.

Please note that the interest rate for all loans will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

2. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
3. Income Available – You must maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance, debt service, and reserves.
4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

Form 1940-1 - "Request for Obligation of Funds"
RUS Bulletin 1780-27 - "Loan Resolution"
Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the PSSD still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,



ROBERT M. STEPTOE III
State Director

Enclosures

cc: RUS Rural Development Specialist
Elkins, WV

Gene DeLawder, Fiscal Officer
Berkeley County PSSD
Martinsburg, WV

William Rohrbaugh, Esquire
Berkeley County PSSD
Martinsburg, WV

John Stump, Esquire
Steptoe and Johnson
P.O. Box 1588
Charleston, WV 25326

Woolpert Consultants, LLP
340 MacCorkle Avenue
Charleston, WV 25314-1100

Gregory B. Isaacs, Vice President
Crews and Associates
300 Summers Street, Suite 930
Charleston, WV 25301-1631

Attachment No.1 to Amendment No. 2 to the Letter of Conditions
 For: Berkeley County PSSD - Sewer
 Date: February 12, 2007

Revised Project Budget
Berkeley County PSSD - North Berkeley Phase 1 Sanitary Sewer System

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>RUS</u> <u>SUBSEQUENT</u> <u>LOAN #1</u>	<u>RUS</u> <u>SUBSEQUENT</u> <u>LOAN #2</u>	<u>CREWS &</u> <u>ASSOC.</u> <u>LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 20,527,500.00	\$ -	\$ 4,999,900.00	\$ 2,454,510.20	\$ 27,981,910.20
CONST./PROJ. CONTINGENCY	\$ -	\$ -		\$ 1,399,096.00	\$ 1,399,096.00
LAND & RIGHTS	\$ 500,000.00	\$ -		\$ -	\$ 500,000.00
LEGAL FEES	\$ 100,000.00	\$ -		\$ -	\$ 100,000.00
BOND COUNSEL	\$ 50,000.00	\$ -		\$ 36,000.00	\$ 86,000.00
ENGINEERING FEES	\$ 2,713,500.00	\$ -		\$ -	\$ 2,713,500.00
Preliminary - \$25,000					
Basic - \$1,412,100					
Insp. - \$1,026,400					
Special - \$250,000					
INTEREST -	\$ 1,063,000.00	\$ 500,000		\$ -	\$ 1,563,000.00
ADMINISTRATION	\$ 150,000.00	\$ -		\$ -	\$ 150,000.00
PUBLIC FINANCING COSTS				\$ 80,393.80	\$ 80,393.80
TOTAL	\$ 25,104,000.00	\$ 500,000.00	\$ 4,999,900.00	\$ 3,970,000.00	\$ 34,573,900.00



United States Department of Agriculture
Rural Development
West Virginia State Office

July 19, 2006

FILE COPY

John C. Kunkle, Chairman
Berkeley County Public Service Sewer District
P.O. Box 944
Martinsburg, WV 25402-0944

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Kunkle:

This letter, with Attachment No. 1 amends the letter of conditions dated September 26, 2003 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loans will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of \$25,104,000, a subsequent RUS loan in the amount of \$500,000, and other funding in the amount of \$4,885,500, for a total project cost of \$30,489,500. The other funding is planned in the form of a loan from Crews and Associates.

Subject to the requirements noted herein, all of the conditions of the September 26, 2003 letter of conditions remain in effect and must be satisfied prior to loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

Federal Building • 75 High Street • Suite 320 • Morgantown, WV 26705-7500
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).

The conditions referred to above are as follows:

1. Loan Repayment – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 4.5% interest rate and monthly amortization factor of 0.00459 which provides for a monthly payment of \$2,295 on the subsequent loan. The monthly payment for the initial \$25,104,000 loan is \$111,211 and the monthly payment for the subsequent \$500,000 loan is \$2,295, for a total loan of \$25,604,000 and a total monthly payment of \$113,506.

Due to system limitations, obligations and closings for our agency that exceed \$9,999,999.99 must be reflected as separate amounts. Therefore, the PSSD currently has three obligations, all with the same interest rate: two in the amount of \$9,000,000, and one in the amount of \$7,104,000, for a total initial loan of \$25,104,000. There will have to be three separate bonds for the initial loan; however, the three bonds may be described in the same loan resolution.

The bond for the \$500,000 subsequent loan will also need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the three initial loans described above and for all other information and items of the loan resolution and bond transcript to reflect a \$25,604,000 total issue consisting of four bonds. A copy of this letter should be provided to your bond counsel immediately.

2. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
3. Income Available – You must maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance, debt service, and reserves.
4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

Form 1940-1 - "Request for Obligation of Funds"
RUS Bulletin 1780-27 - "Loan Resolution"
Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the PSSD still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,


ROBERT M. STEPTOE III
State Director

Enclosures

cc: RUS Rural Development Specialist
Elkins, WV

Gene DeLawder, Fiscal Officer
Berkeley County PSSD
Martinsburg, WV

William Rohrbaugh, Esquire
Berkeley County PSSD
Martinsburg, WV

Step toe and Johnson
P.O. Box 2190
Clarksburg, WV 26302

Woolpert Consultants, LLP
340 MacCorkle Avenue
Charleston, WV 25314-1100

Gregory B. Isaacs, Vice President
Crews and Associates
300 Summers Street, Suite 930
Charleston, WV 25301-1631

Attachment No.1 to Amendment No. 1 to the Letter of Conditions
 For: Berkeley County PSSD - Sewer
 Date: July 19, 2006

Revised Project Budget
Berkeley County PSSD - North Berkeley Phase 1 Sanitary Sewer System

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>RUS SUBSEQUENT LOAN</u>	<u>CREWS & ASSOC. LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 18,661,300	\$ -	\$ 4,440,700	\$ 23,102,000
CONST. CONTINGENCY	\$ 1,500,000	\$ -	\$ 348,000.00	\$ 1,848,000
LAND & RIGHTS	\$ 500,000	\$ -	\$ -	\$ 500,000
LEGAL FEES	\$ 100,000	\$ -	\$ -	\$ 100,000
BOND COUNSEL	\$ 50,000	\$ -	\$ -	\$ 50,000
ENGINEERING FEES	\$ 2,713,500	\$ -	\$ -	\$ 2,713,500
Preliminary - \$25,000				
Basic - \$1,412,100				
Insp. - \$1,026,400				
Special - \$250,000				
INTEREST -	\$ 1,063,000	\$ 500,000	\$ -	\$ 1,563,000
ADMINISTRATION	\$ 150,000	\$ -	\$ -	\$ 150,000
PROJECT CONTG.	\$ 366,200	\$ -	\$ 96,800.00	\$ 463,000
TOTAL	\$ 25,104,000	\$ 500,000	\$ 4,885,500	\$ 30,489,500



United States
Department of
Agriculture

Rural
Development

75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4836

FILE COPY

Berkeley County Public Service Sewer District
Robert L. Grove, Sr., Chairman
65 District Way
P.O. Box 944
Martinsburg, WV 25401

September 26, 2003

57-002-055060-5031

Dear Chairman Grove:

This letter, with Attachments 1 through 13 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$ 25,104,000, for a total project cost of \$ 25,104,000.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)
- Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"

- Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
- Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"
- Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
- Attachment No. 11 - Sample Credit Agreement (Applicant Copy)
- Attachment No. 12 - RUS Policy regarding Use of Remaining Funds
- Attachment No. 13- Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

11,121.1
\$ 11212

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.25% interest rate and a monthly amortization factor of .00443, which provides for a monthly payment of \$111,211. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of shared first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-27 which is mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that you will have at least 11,011 bona fide users on the proposed system when it has been completed and is placed in operation.

This evidence will consist of a signed certification from you that identifies and attests to the number of users actually connected to and using the District's existing sewer system, at the time you request authorization to advertise the proposed project for construction bids. The 1,605 proposed new users on the system will be required by statute to connect to and utilize the system.

4. Bond Counsel Services - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. 1910-1-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.
6. Legal Services - It will be necessary for you to obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.
7. Accounting Services - It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your District. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8), and RUS Bulletins 1780-30 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the District already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.
 - e. On the day of loan closing, the District's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the District has already acquired real property(s) (land or facilities), the District's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
9. Environmental - The State Historical Preservation Office (SHPO) placed conditions on their approval of the project. The following is a summary of their conditions.
 - a. A Phase I archeological survey will need to be completed for the Line 1A between roadway 12/2 and State Route 5 in the Bessemer neighborhood.

- b. A Phase I archeological survey is required for the location of the Opequon Sewer Treatment Plant
- c. If the location of the sewer lines, the treatment plant, or any other component of the SHPO permit is to be moved or added, SHPO is to be notified so they can re-evaluate the need for a Phase I archeology study in these areas.

Please refer to the SHPO letter for details of their conditions. The SHPO conditions must be satisfactorily met prior to requesting authorization to bid.

10. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

11. Public Service Commission Approvals - You must obtain the following from the West Virginia Public Service Commission:

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
- c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

12. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.

- b. Workers' Compensation - In accordance with appropriate State laws.

- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to the largest monthly estimated construction invoice. Once construction is complete, you may decrease the amount of your coverage. The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s). Please note that the cost of the temporary increase in coverage is an eligible project cost.
- d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:
- (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing. (The pump station near the sewer treatment plant is in the Zone A flood zone as identified by your engineer. This pump station must be covered with flood insurance from the time of substantial completion until the loan is paid in full.)
 - (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
- e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.
13. Contract Documents, Final Plans and Specifications -
- a. The contract documents should consist of the following:
- (1) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. 1910-8-FA, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

- (2) "RUS Supplemental General Conditions." RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance," is enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 7).
- b. The contract documents must provide, as a minimum, the following insurance:
 - (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the District and its engineer. RUS Bulletin 1780-30, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
 - (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
 - (3) Workers' Compensation - In accordance with applicable State laws.
 - c. The contract documents and final plans and specifications must be submitted to RUS for approval.
 - d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
14. State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, "Wages for Construction of Public Improvements" are met during construction of the project.
 15. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 11).
 16. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your District, over 30 day periods.

Public Bodies – The District will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All

deposits in excess of \$100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The District must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

17. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 442-7 - "Operating Budget"
 Form RD 1940-1 - "Request for Obligation of Funds"
 RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
 Form RD 400-1 - "Equal Opportunity Agreement"
 Form RD 400-4 - "Assurance Agreement"
 Form AD 1047 - "Certification Regarding Debarment - Primary"
 Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
 FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
 Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
 Certification of Compliance
 Form RD 1942-46, "Letter of Intent to Meet Conditions"

18. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.
19. Upon receipt of the loan docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

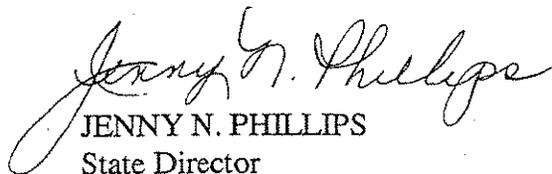
The "RUS Policy Regarding Use of Remaining Funds" is attached for your information and use (Attachment No. 12). This policy should be adhered to when addressing the use of bid underrun funds, as well as any funds remaining after project construction is complete.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS loan funds and would be applied as an extra payment toward the loan balance.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,


JENNY N. PHILLIPS
State Director

Enclosures

cc: Rural Development Specialist
Elkins, WV

Bond Counsel:
Steptoe & Johnson
P.O. Box 2190
Clarksburg, WV 26302

Project Engineer:
Woolpert, LLP
340 MacCorkle Avenue, SE
Charleston, WV 25314-1100



Berkeley County
Public Service Sewer District

William F. Rohrbaugh, Esq.
General Counsel

P.O. Box 944
Martinsburg, WV 25402-0944

(304) 263-8566
Fax (304) 267-7478

Attachment No. 1 to Letter of Conditions
 For: Berkeley County Public Service Sewer District
 Date: September 26, 2003

Project Construction Budget

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 18,661,300	\$ 18,661,300
CONST. CONTINGENCY	\$ 1,500,000	\$ 1,500,000
LAND & RIGHTS	\$ 500,000	\$ 500,000
LEGAL FEES	\$ 100,000	\$ 100,000
BOND COUNSEL	\$ 50,000	\$ 50,000
ENGINEERING FEES	\$ 2,713,500	\$ 2,713,500
Basic - \$1,437,100		
Inspection - \$1,026,400		
Special - \$250,000		
INTEREST	\$ 1,063,000	\$ 1,063,000
ADMINISTRATION	\$ 150,000	\$ 150,000
PROJECT CONTG.	\$ 366,200	\$ 366,200
TOTAL	\$ 25,104,000	\$ 25,104,000

Rates

Available for general domestic, commercial, and industrial service.

CHARGES

Volumetric Charge: \$8.08 per M gallons
 Service Charge: \$8.41 per month
 Flat Rate: \$44.77 per month based on 4,500 gal. consumption

Delayed Payment Penalty

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

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Service Connection Charge: \$ 350.00

Prohibited Discharge

Discharge of downspouts, gutters or surface drainage shall be prohibited from entry into sanitary sewer lines of the District.

Disconnect Fee

A \$10.00 disconnection fee will be collected from sewer customers whose water service has been discontinued for non-payment of sewer bills.

Reconnection Fee

A \$10.00 reconnection fee will be collected from sewer customers whose water service has been discontinued for nonpayment of sewer bills.

Leak Adjustment Clause

\$.45 per M gallons usage

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached



United States Department of Agriculture
Rural Development
Elkins Area Office

February 23, 2007

Berkeley County Public Service Sewer District
Attention: Mr. John C. Kunkle, Chairman
P.O. Box 944
Martinsburg, WV 25402-0944

Dear Chairman Kunkle:

This letter is to confirm that the pre-closing meeting for the USDA Rural Development, Rural Utilities Service (RUS) loans on the upcoming Berkeley County PSSD North Berkeley Phase I Sewer Project is planned for March 2, 2007, at 10:00 a.m. The meeting will be held in the PSSD Office in Martinsburg. A pre-construction conference will follow at 11:00 a.m. The official loan closing date for the PSSD's project will be March 6, 2007. The project attorney and the project accountant should attend the pre-closing meeting.

Reference is made to the RUS Letter of Conditions dated September 26, 2003, Amendment No. 1 dated July 19, 2006, and Amendment No. 2 dated February 12, 2007. All of the requirements set forth in these letters must be met and the loan must be closed in accordance with RUS Instruction 1780.

Many of the aforementioned items from the Letter of Conditions have already been addressed. Those items remaining to be satisfied prior to loan closing include:

1. Amendment No. 2 to the Letter of Conditions must be adopted by a vote of the Board and the associated forms must be executed.
2. The certification on each of the previous Loan Resolution forms must be completed.
3. The PSSD's attorney will need to provide Form RD 442-22, Opinion of Counsel Relative to Rights-of-Way, showing no exceptions. This form should be dated March 6, 2007. It should include an attached list of all of the rights-of-way needed for the project identifying which ones have been obtained and recorded.
4. The PSSD's attorney must furnish a Form RD 1927-10, Final Title Opinion, on all land(s) being acquired. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the PSSD. The opinion(s) should be dated March 6, 2007, and they should include legal descriptions (and plats if they are available).

Randolph Center Building • 1200 Harrison Avenue, Suite 150 • Elkins, West Virginia 26241
Phone: (304) 636-2158 • Fax: (304) 636-5902 • TDD: (304) 284-4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272(voice) or (202) 720-6382 (TDD).

5. The PSSD's attorney must furnish a narrative opinion addressing all permits, certifications, and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled. If the PSSD was unable to obtain the necessary property rights for any tract or right-of-way, at minimum a "right of entry" must be obtained for all properties before the pre-closing.
6. The project attorney should be on hand during the pre-construction conference to review construction contracts, and contracting procedure, as well as surety and contractual bonds in connection with the project.
7. No later than the date of the pre-closing meeting, the PSSD must provide written evidence that all required insurance coverage and fidelity bond coverage has been obtained in accordance with Item 10 of the original Letter of Conditions. We recommend fidelity bond coverage of an amount equal to the largest estimated draw of funds that will take place during project construction. If the PSSD is covered under the State Board of Risk it provides sufficient coverage, but we will still need proof of that coverage.
8. The permit from the West Virginia Department of Highways must be on hand at the closing. The PSSD should proceed to obtain the necessary bond and forward it to the WVDOH with a request that the permit be issued if this has not already been done.
9. The PSSD must provide RUS with a current copy of their Workers' Compensation Certificate or other proof of good standing in regards to Workers' Compensation. (if applicable).
10. The Contractors involved in the construction of the project will need to complete Form AD 1048, "Certification Regarding Debarment – Lower Tier Covered Transactions".
11. The first requisition for project funds should be created and submitted for Rural Development review as soon as possible. Once it is approved, the bond counsel will need to know the amount so that the bond can be completed.
12. Please be prepared to have a properly called meeting of the PSSD's Board of Directors during the pre-closing process. Also please bring any official seal that the PSSD uses for authenticating documents.
13. There was an issue with the plans for a pump station near the treatment plant which had controls located in the 100 year floodplain. I think the PSSD had requested that the engineer design this pump station so that all parts that could be damaged by flood waters would either be sealed underground or raised above the 100 year floodplain. Please provide proof that this was accomplished. If this was not done, the PSSD will be required to maintain flood insurance on this pump station once it is completed.

14. The Project Accountant needs to provide a certification to this office that the PSSD has established the accounts required by the bond resolution and those accounts are operational. ✓ Done
15. Nancy Taylor, our Rural Development Technician, is planning to complete a Civil Rights Compliance Review with the PSSD at the pre-closing. This is normally in the format of an informal interview to help her gather the information for the review.

Thank you for doing business with USDA Rural Development. If you have any questions regarding these or any other matters pertaining to PSSD's loans, please contact our office.

Sincerely,

Joseph D. Crickenberger
Rural Development Specialist

cc: State Director
USDA- Rural Development

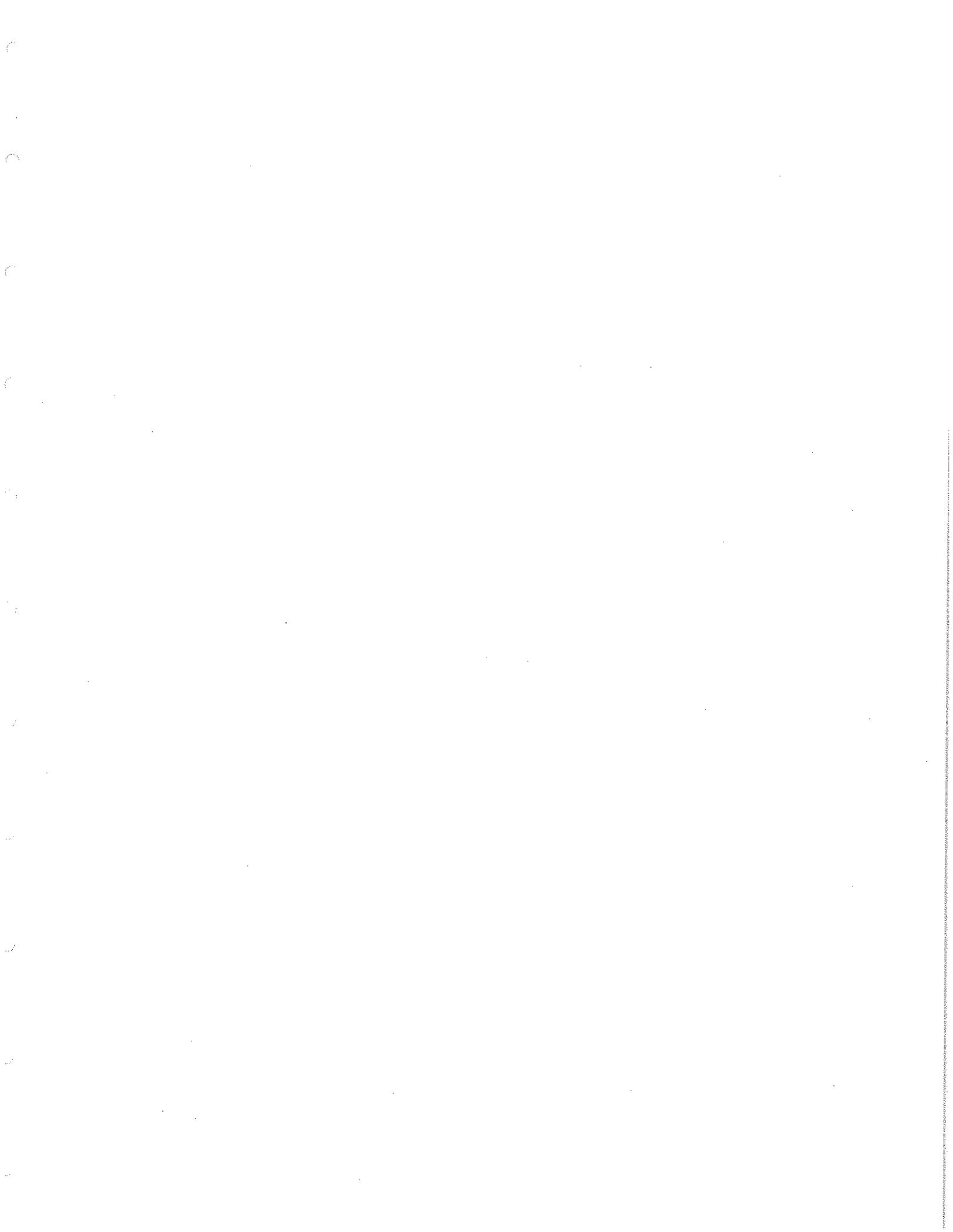
John Stump, Esquire ✓
Steptoe & Johnson
P.O. Box 1588
Charleston, WV 25326

Steven D. Cole, P.E.
Woolpert Inc.
1200 Corporate Court
Ashland, KY 41102-5336

William Rorhbaugh, Esquire
Berkeley County PSSD
Martinsburg, WV 25401

Gregory B. Isaacs, Vice President
Crews & Associates
300 Summers Street, Suite 930
Charleston, WV 25301-1631

Gene DeLawder, Fiscal Officer
Berkeley County PSSD
Martinsburg, WV 25401



LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Berkeley County Public Service Sewer DistrictAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS North Berkeley Wastewater Phase I

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Berkeley County Public Service Sewer District
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

FIVE HUNDRED THOUSAND AND XX / 100 DOLLARS (\$500,000.00)pursuant to the provisions of Chapter 16, Article 13A, West Virginia Code ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

- 11. To acquire and maintain) insurance and fidelity bond coverage as may be re ed by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that Chairman

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors of the

Berkeley County Public Service Sewer District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 22nd day of August, 2006

Berkeley County Public Service Sewer District

(SEAL)

By John C. Kunkle
Title Chairman

Attest: John E. Myers
Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Berkeley County Public Service Sewer District

hereby certify that the Board of Directors of such Association is composed of

3 members, of whom 2 constituting a quorum, were present at a meeting thereof duly called and

held on the 22nd day of August, 2006; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of MARCH 10 2007, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 2nd day of MARCH, 2007



John E. Myers

Title Secretary

(Automated 8-97)

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Berkeley County Public Service Sewer District

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

North Berkeley Wastewater Phase I

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Berkeley County Public Service Sewer District*(Public Body)*

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

TWENTY-FIVE MILLION ONE HUNDRED FOUR THOUSAND AND XX/100 DOLLARS (\$25,104,000.00)pursuant to the provisions of Chapter 16, Article 13A, West Virginia Code; and**WHEREAS**, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:**NOW THEREFORE**, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that the Chairman

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas 3 Nays -0- Absent -0-

IN WITNESS WHEREOF, the Board of Directors of the

Berkeley County Public Service Sewer District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 29th, September day of 2003

Berkeley County Public Service Sewer District

By Robert L. Grove Sr
Robert L. Grove, Sr.
Title Chairman

(SEAL)

Attest:
John E. Myers
John E. Myers
Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Berkeley County Public Service Sewer District
hereby certify that the Board of Directors of such Association is composed of
3 members, of whom, 2 constituting a quorum, were present at a meeting thereof duly called and
held on the 29th day of September 2003, and that the foregoing resolution was adopted at such meeting
by the vote shown above, I further certify that as of MARCH 6 2007,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
rescinded or amended in any way.

Dated, this 2nd day of MARCH 2007



John E. Myers

Title Secretary

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Berkeley County Public Service Sewer DistrictAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Sewer

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Berkeley County Public Service Sewer District
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

FOUR MILLION NINE HUNDRED NINETY-NINE THOUSAND NINE HUNDRED AND XX / 100 DOLLARS
(\$4,999,900.00)pursuant to the provisions of Chapter 16, Article 13A, West Virginia Code; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

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3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
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16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that Chairman

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 2 Nays 0 Absent 1

IN WITNESS WHEREOF, the Board of Directors of the

Berkeley County Public Service Sewer District has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 2 day of March, 2007

Berkeley County Public Service Sewer District

(SEAL)

By *John C. Kunkle*
John C. Kunkle
 Title Chairman

Attest:
John E. Myers
John E. Myers
 Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Berkeley County Public Service Sewer District

hereby certify that the Board of Directors of such Association is composed of

3 members, of whom 2 constituting a quorum, were present at a meeting thereof duly called and

held on the 2nd day of March, 2007; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of MARCH 6, 2007, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 2nd day of MARCH, 2007



John E. Myers

Title Secretary

BERKELEY COUNTY PUBLIC SERVICE SEWER DISTRICT

Sewer Revenue Bonds, Series 2007 B,
Sewer Revenue Bonds, Series 2007 C,
Sewer Revenue Bonds, Series 2007 D,
Sewer Revenue Bonds, Series 2007 E and
Sewer Revenue Bonds, Series 2007 F
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of Susquehanna Bank, Inc.,
Martinsburg, West Virginia (the "Bank"), hereby certify that on March 6, 2007, the Bank
received an automated transfer in the amount of \$1,775,900 to the credit of the Sewerage
Project Construction Account, Account Number 60002761769.

WITNESS my signature on this 6th day of March, 2007.

SUSQUEHANNA BANK, INC.

By: *Janett Caplan*
Authorized Officer

03.27.07
057740-00019

06-0026-PSD-CN ✓

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WE
TELEPHONE 304-558-2981

PROJECT: (Sewer) **PERMIT** Waterfall Farm Estates PERMIT NO.: 17,189
LOCATION: Bedington COUNTY: Berkeley DATE: 8-18-2006

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

**Berkeley County Public Service Sewer District
Post Office Box 944
Martinsburg, West Virginia 25402**

is hereby granted approval to: install approximately 10,102 LF of 8" sewer line and necessary manholes.

Facilities are to serve 256 residential customers (104 single family and 152 townhomes) in Waterfall Farm Estates.

NOTE: This permit is contingent upon maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum 18" vertical separation between crossing sewer and water lines, with the water line to be installed above the sewer line.

The Environmental Engineering Division of the OEHS-Kearneysville District Office, telephone (304) 725-9453, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR


William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:emt

pc: Dennis E. Black Engineering, Inc.
Berkeley County PSD
Katheryn Emery, P.E., DEP
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Berkeley County Health Department
OEHS-EED Kearneysville District Office

RECEIVED
2006 AUG 30 PM 1:20
W VA PUBLIC SERVICE COMMISSION SECRETARY'S OFFICE

26-0026-PSD-CN

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

1000 MARKET STREETS

1 DAVIS SQUARE, SUITE 200
TELEPHONE 304-558-2981

CHARLESTON, WEST VIRGINIA 25301

PERMIT

PROJECT: (Sewer)
Wal-Mart Store #4423-00

PERMIT NO.: 17,322

LOCATION: Spring Mills

COUNTY: Berkeley

DATE: 12-1-2006

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

**Berkeley County Public Service Sewer District
Post Office Box 944
Martinsburg, West Virginia 25401**

is hereby granted approval to: amend and modify Permit No. 17,294, issued October 27, 2006, for the water facilities to serve one commercial customer (the Wal-Mart Store #4423-00) and in the future three (3) additional commercial customers (McDonalds, Centra Bank and BP Gas Station) on the former 76 Truck Stop property. Major modification will be the addition of approximately 16 LF of 6" and 40 LF of 8" sewer line and a new manhole due to a revision to the Wal-Mart building footprint.

NOTE: This permit is contingent upon all unchanged conditions and requirements of Permit No. 17,294 remaining in effect.

The Environmental Engineering Division of the OEHS-Kearneysville District Office, telephone (304) 725-9453, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR



William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:emt

- pc: Freeland & Kaufman, Inc.
- Panhandle Builders Excavating
- Berkeley County PSD
- Katheryn Emery, P.E., DEP
- James W. Ellars, P.E., PSC-Engineering Division
- ✓Amy Swann, PSC
- Berkeley County Health Department
- OEHS-EED Kearneysville District Office

RECEIVED
 2006 DEC 13 PM 3:15
 WEST VIRGINIA PUBLIC SERVICE
 COMMISSION
 SEWER DIVISION OFFICE

06-0026-PSD-CN



State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CANTONMENT STREETS

1 DAVIS SQUARE, SUITE 200
TELEPHONE 304-558-2981

CHARLESTON, WEST VIRGINIA 25301

PERMIT

PROJECT: (Sewage)
North Area, Phase 1A

PERMIT NO.: 17,130

LOCATION: Bedington

COUNTY: Berkeley

DATE: 7-7-2006

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Berkeley County Public Service Sewer District
Post Office Box 944
Martinsburg, West Virginia 25402

is hereby granted approval to: install approximately 112,300 LF of 8", 100 LF of 10", 19,400 LF of 12", 9,600 LF of 15", 7,400 of 18" and 60 LF of 21" sewer line; necessary manholes and cleanouts; 14 sewage pump stations; approximately 10,350 LF of 4", 6,100 LF of 6", 11,150 of 8", 3,900 LF of 10", 1,150 LF of 12" and 5,100 LF of 14" force mains; and all necessary valves, controls and appurtenances. Also, to install a new 1.0 MGD sequencing batch reactor (SBR) wastewater treatment plant. Major components of the new plant will consist of headworks structure including parshall flume, fine screen, grit removal system; two (2) 980,000 gallon sequencing batch reactor basins; a 166,500 gallon post surge equalization basin; a blower building; a control/sludge press building with office, rest room, motor control center, laboratory and a 2.0 meter sludge belt press; a 161,000 gallon single basin dual stage aerobic sludge digester; a simplex sludge pump; ultraviolet disinfection with parshall flume; emergency generator; non-potable water system; a 325 G.P.M. duplex on-site pump station and all necessary piping, valves, controls and appurtenances; with effluent discharge being piped to Opequon Creek. The wastewater treatment facility shall be enclosed by a minimum six (6) feet high fence with a locking gate.

Facilities are to initially serve 5,409 EDUs in the high density areas contained primarily around the Interstate 81 and State Route 11 corridors within northern Berkeley County, known as the North Area, Phase 1A.

The Environmental Engineering Division of the OEHS-Kearneysville District Office, telephone (304) 725-9453, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

RECEIVED
2006 JUN 18 PM 1:44
W.V. PUBLIC HEALTH SERVICE
ENVIRONMENTAL ENGINEERING DIVISION
SECRETARY'S OFFICE

WSH:emt
pc: Woolpert, Inc.
Katheryn Emery, P.E., DEP
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Berkeley County Health Department
OEHS-EED Kearneysville District Office



west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone Number: (304) 926-0495
Fax Number: (304) 926-0496

06-0026-PSD-CN

Governor
Secretary
dep.org

W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

2006 OCT -4 PM 2:54

RECEIVED

September 29, 2006

Mr. Clifton Browning
Berkeley County PSSD
P.O. Box 944
Martinsburg, WV 25402

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0103161
Modification No. 2

Dear Mr. Browning:

This correspondence shall serve as WV/NPDES Water Pollution Control Permit Modification No. 2, of your existing WV/NPDES Water Pollution Control Permit No. WV0103161, issued the 19th day of December 2003.

After review and consideration of the information submitted on, and with, WV/NPDES Water Pollution Control Permit Modification Application No. WV0103161-B, dated the 31st day of March 2006, and other relevant information, the subject Permit is hereby modified to incorporate the following data and changes, respectively.

Item 1-Construction of North Area Collection system and Wastewater Treatment Plant (Outlet 003):

- **Bureau for Public Health Permit No. 17,130 issued the 7th day of July 2006.**
North Area Collection System:
Acquire, construct, install, operate and maintain approximately 112,300 linear feet of eight(8) inch diameter gravity sewer line, 100 linear feet of 10 inch diameter gravity sewer line, 19,400 linear feet of 12 inch diameter gravity sewer line, 9,600 linear feet of 15 inch diameter gravity sewer line, 7,400 linear feet of 18 inch diameter gravity sewer line, 60 linear feet of 21 inch diameter gravity sewer line, necessary manholes and cleanouts, 14 sewage pump stations, approximately 10,350 linear feet of four(4) inch diameter force main, 6,100 linear feet of six(6) inch diameter force main, 11,150 linear feet of eight(8) inch diameter force main, 3,900 linear feet of 10 inch diameter force

main, 1,150 linear feet of 12 inch diameter force main, 5,100 linear feet of 14 inch diameter force main and all necessary appurtenances.

North Area Wastewater Treatment Plant:

Acquire, construct, install, operate and maintain a 1.0 mgd sequencing batch reactor (SBR) wastewater treatment plant. The plant shall consist of headworks structure including parshall flume, fine screen, grit removal system, two(2) 980,000 gallon SBR basins, a 166,500 gallon post surge equalization basin, sludge belt press, a 161,000 gallon single basin dual stage aerobic sludge digester, ultraviolet disinfection and all necessary appurtenances.

When the construction of the North Area Wastewater Treatment Plant (WWTP) is complete, the permittee shall contact this Division. The new outfall (Outlet 003) shall eliminate the discharge from Outlet 001.

Item 2-Woods II Subdivision Wastewater Treatment Plant (Outlet 002):

The following changes have been made to Outlet 002 to meet nutrient requirements in accordance with West Virginia's Tributary Strategy.

- Total Nitrogen has been added to Section A.002 of the permit with a monitoring frequency of once/month.
- The Total Phosphorus has been added to Section A.002 of the permit with a monitoring frequency of once/month.

Enclosed are the Final Limitations for revised Section A.002 pages 7 and 9 of 26 and Final Limitations for additional Sections A.003 pages 9A-9C of 26, additional Section C page 17A and 17B of 26, additional Section G pages 25A and 25B of 26 and complete sets of Outlet 002 and 003 Discharge Monitoring Reports. These documents shall be incorporated, as appropriate, into your existing WV/NPDES Water Pollution Control Permit WV0103161.

All other terms and conditions of the subject WV/NPDES Water Pollution Control Permit shall remain in effect and unchanged. If you should have any questions, please contact Renee Clevenger of this division at (304) 926-0499 x1016.

Sincerely,



Lisa A. McClung
Director

WV PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

2006 OCT -4 PM 2:54

RECEIVED

LAM/rc

Enclosures

cc: Env. Inspector Supervisor
Env. Inspector, Berkeley County

Promoting a healthy environment.

Disc
2/8/06



06-0026-PSD.CN

west virginia department of en

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone Number: (304) 926-0495
Fax Number: (304) 926-0496

RECEIVED
06 FEB 22 PM 3:42
W.VA. PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

February 16,

Mr. Clifton Browning
Berkeley County PSSD
P.O. Box 944
Martinsburg, WV 25402

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0082759
Modification No. 4

Dear Mr. Browning:

This correspondence shall serve as WV/NPDES Water Pollution Control Permit Modification No. 4, of your existing WV/NPDES Water Pollution Control Permit No. WV0082759, issued the 22th day of August 2003.

After review and consideration of the information submitted on, and with, WV/NPDES Water Pollution Control Permit Modification Application No. WV0082759-D, dated the 13th day of May 2005, and other relevant information, the subject Permit is hereby modified to incorporate the following data and changes, respectively.

Item 1-Addition of Pretreatment Unit:

- To allow the use of the old primary clarifier unit to pretreat wastewater retrieved from Berkeley County PSSD's lift stations and wastewater collection system lines.

Item 2-Ammonia Nitrogen Effluent Discharge Requirements:

- Sections A.001 and A.003, pages 10, 13, 26 and 29 of 75 have been revised to reflect the changes for Ammonia Nitrogen Discharge Limitation and Monitoring Requirements. The effluent limitations were revised due to the removal of ammonia nitrogen human health A criteria. The wasteload allocation has been modified to meet ammonia nitrogen national criteria and/or dissolved oxygen requirements of the receiving stream.

*Lead
SS
WWD
WV*

Promoting a healthy environment.

Item 3-Water Quality-based Effluent Limitations:

- Section A.003, pages 27, 28, 30, 31 of 75 of the permit has been revised to reflect the changes in Discharge Limitation and Monitoring Requirements for the following pollutants. The changes are summarized in the table below:

Table of Discharge Limitation and Monitoring Requirement Changes:

Effluent Characteristic	DISCHARGE LIMITATION Avg. Monthly/Max. Daily	Units	MONITORING REQUIREMENTS Measurement Frequency
Arsenic, Total	Monitor Only	mg/l	Once/Year
Cadmium, Total Recoverable	Monitor Only	mg/l	Once/Year
Chromium, Hexavalent	Monitor Only	mg/l	Once/Year
Copper, Total Recoverable	18.3/52.7	µg/l	Once/Month
Cyanide, Free	Monitor Only	mg/l	Once/Year
Lead, Total Recoverable	Monitor Only	mg/l	Once/Year
Mercury, Total	Monitor Only	mg/l	Once/Year
Nickel, Total Recoverable	Monitor Only	mg/l	Once/Year
Silver, Total Recoverable	Monitor Only	mg/l	Once/Year
Zinc, Total Recoverable	95/312	µg/l	Once/Month

- The Discharge Limitation and Monitoring Requirement changes for the pollutants previously listed were based on:
 - The effluent sampling data submitted with the permit modification.
 - Results of a reasonable potential assessment to violate applicable Water Quality Standards.
 - Development of Water Quality-based Effluent Limitations; no mixing zone dilution was allowed based on the instream waste concentration being greater than 80 %.

Item 4-Industrial User Addition Flow Requirements:

- Section A.IU02, page 34 of 75 has been revised to reflect the change in flow from 150,000 gpd to 250,000 gpd. The industrial user Quad Graphics shall be allowed to discharge storm water and steam condensate collected by the containment pits and impoundment tank as part of the 250,000 gpd flow. In case of a spill, Quad Graphics shall not discharge wastewater from the containment areas for treatment at the Berkeley County PSSD wastewater treatment plant.

Item 5-Sludge-Addition of Land Application Sites:

After careful review of all information accompanying Permit No. WV0082759, and after receipt and review of Modification Application No. WV0082759-D, received the 13th day of June 2005, and additional information received the 5th day of October 2005, the subject Permit is hereby modified to amend Section D.4.a) to incorporate the following land application sites:

Land Application: Sewage sludge shall not be applied in a manner or in an amount that would cause the land application site(s) to exceed the annual, five (5) year cumulative, and lifetime loading rates as listed below. The following sites may be used for land application:

<u>Land Application Site(s)</u>	<u>Maximum Annual Loading Rate(s) Tons/Acre</u>	<u>Five(5) Year Cumulative Loading Rate(s) Tons/Acre</u>	<u>Lifetime Loading Rate(s) Tons/Acre</u>
John Butler			
Site 1	(Under Evaluation)	(Under Evaluation)	(Under Evaluation)
Site 2	(Under Evaluation)	(Under Evaluation)	(Under Evaluation)
Joan Dillard			
Field 1	1.1	4.5	143
Dan Sampson			
Field 1	1.1	4.5	143

Berkeley County PSSD

February 16, 2006

Page 4 of 4

This Modification in no way relieves the permittee of its obligation to comply with all terms and conditions of its WV/NPDES Permit and shall not constitute an affirmative defense in any enforcement action brought against the permittee.

Enclosed are the entire sections for Final Limitations for Section A.001, A.003 and A.IU02 with revised pages incorporated and the corresponding Discharge Monitoring Reports. These documents shall supersede the ones currently in your possession, and be incorporated, as appropriate, into your existing WV/NPDES Water Pollution Control Permit WV0082759.

All other terms and conditions of the subject WV/NPDES Water Pollution Control Permit shall remain in effect and unchanged. If you should have any questions, please contact Renee Clevenger of this division at (304) 926-0499 x1016.

Sincerely,



Lisa A. McClung
Director

LAM/rc

Enclosures

cc: Env. Inspector Supervisor
Env. Inspector, Berkeley County



Division of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Telephone: (304) 558-4086 or 558-8855
Fax: (304) 558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Secretary

February 5, 2002

Mr. Walt Sebert
Berkeley County PSD
1253 Hedgesville Road
Martinsburg, WV 25402

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit Modification Application No. WV0082759-G
Modification No. 7 (Inwood WWTP and Opequon / Hedgesville
WWTP)

Dear Mr. Sebert:

This letter serves as Modification No. 7 of your WV/NPDES Water Pollution Control Permit No. WV0082759 issued on the 22nd day of April 1996.

After review and consideration of the information submitted on and with Permit Modification Application No. WV0082759-G, dated the 4th day of December 2001, the subject permit is hereby modified to incorporate the following:

1. To acquire, construct, install, operate, and maintain a sewage collection system extension, under Phase 2A of the project, consisting of approximately 30,300 feet of various lengths of sanitary sewer lines, and all necessary appurtenances.

This new sewage collection system extension will serve an estimated additional 2650 customers in the Inwood and Opequon-Hedgesville areas of Berkeley County. The two treatment systems will serve approximately 7400 customers upon completion of this extension.

The information submitted on and with Permit Modification Application No. WV0082759-G dated the 4th of December 2001, along with the approvable plans and specifications reviewed by the Construction Assistance Branch, is all hereby made terms and conditions of this Permit with like effect as if all such permit modification application information was set forth herein.

Walt Sebert
Berkeley County PSD
Page 2

SEWAGE COLLECTION SYSTEM TO BE CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications, and Reports: Berkeley County Public Service Sewer District
Date Approvable: 11/15/01
Prepared by: Chester Engineers
818 West Diamond Avenue
Gaithersburg, Maryland 20878

Title Inwood Wastewater Project Phase 2A
SRF No. C-544003-03

Contract numbers 1, 2, 3B, 4A, 4B, 4C, 5A, 5B, 6A, 6C, 7A, 7B, and 8

All other terms and conditions of the subject permit shall remain in effect and unchanged.

Sincerely,



Allyn G. Turner
Director

AGT/nw

CC: Env. Inspector Supervisor
Env. Inspector
Kathy Emery, Construction Assistance



Division of Water Resources
1201 Greenbrier Street
Charleston, West Virginia 25311
Phone (304) 558-4806
Fax (304) 558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Secretary

WV/NPDES Permit No.: WV0082759

NOTICE TO PERMITTEES

The 1999 regular session of the West Virginia legislature revised the Water Pollution Control Act, Chapter 22, Article 11, Section 10 of the Code of West Virginia relating to fees associated with permits. This section of the Code requires all holders of a State water pollution control permit or a national pollutant discharge elimination system permit to be assessed an annual permit fee, based upon rules promulgated by the Secretary of the Department of Environmental Protection. The Secretary has promulgated a final rule in accordance with the code revision to this effect and these rules were effective May 4, 2000. The rules establish an annual permit fee based upon the relative potential to degrade the waters of the State which, in most instances, relate to volume of discharge. However, for sewage facilities, the annual permit fee is based upon the number of customers served by the facility. You may contact the Secretary of State's Office, State Capitol Building, Charleston, WV 25305, to obtain a copy of the rules. The reference is Title 47, Legislative Rules, Department of Environmental Protection, Division of Water Resources, Series 26 Water Pollution Control Permit Fee Schedules.

Based upon the volume of discharge for which your facility is currently permitted, the number of customers served by your facility or for the category you fall within, pursuant to Section 7 of Title 47, Series 26, your annual permit fee is \$2500.00. This fee is due no later than the anniversary date of permit issuance in each year of the term of the permit or in the case of coverage under a general permit, the fee is due no later than the anniversary date of your coverage under the general permit. **You will be invoiced by this agency at the appropriate time for the fee.** Failure to submit the annual fee within ninety(90) days of the due date will render your permit void upon the date you are mailed a certified written notice to that effect.

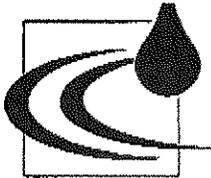
"To use all available resources to protect and restore West Virginia's environment in concert with the needs of present and future generations."



West Virginia
Department of
Environmental Protection

ON FILE WITH ISSUER





WEST VIRGINIA

Water Development Authority

Celebrating 32 Years of Service 1974 - 2006

March 6, 2007

Berkeley County Public Service Sewer District
Sewer Refunding Revenue Bonds, Series 2007 A
(Crews & Associates, Inc.)

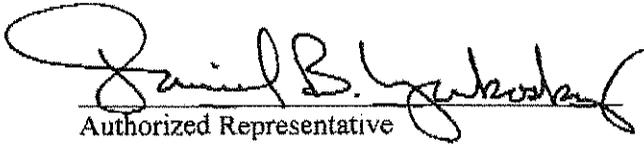
and

Sewer Refunding Revenue Bonds, Series 2007 B,
Sewer Revenue Bonds, Series 2007 C
Sewer Revenue Bonds, Series 2007 D
Sewer Revenue Bonds, Series 2007 E and
Sewer Revenue Bonds, Series 2007 F
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Yount, Hyde & Barbour, P.C., the certified public accountant of the Issuer and the opinion of Steptoe & Johnson PLLC, as bond counsel of the Issuer, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the First Lien Bonds and the Second Lien Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2007 A (Bank Qualified), issued in the original aggregate principal amount of \$3,970,000, the Sewer Revenue Bonds, Series 2007 B (United States Department of Agriculture), issued in the original aggregate principal amount of \$9,000,000, the Sewer Revenue Bonds, Series 2007 C (United States Department of Agriculture), issued in the original aggregate principal amount of \$9,000,000, the Sewer Revenue Bonds, Series 2007 D (United States Department of Agriculture), issued in the original aggregate principal amount of \$7,104,000, the Sewer Revenue Bonds, Series 2007 E (United States Department of Agriculture), issued in the original aggregate principal amount of \$500,000, and the Sewer Revenue Bonds, Series 2007 F (United States Department of Agriculture), issued in the original aggregate principal amount of \$4,999,900, (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, the Sewer Revenue Bonds, Series 1990 A, the Sewer Revenue Bonds, Series 1994 A (West Virginia Water Development Authority), the Sewer Revenue Bonds, Series 1994 C (West Virginia SRF Program), the Sewer Revenue Bonds, Series 1995 A (West Virginia SRF Program), the Sewer Revenue Bonds, Series 1995 B (West Virginia SRF Program), the Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), the Sewer Revenue Bonds, Series 1996 B (West Virginia SRF Program), the Sewer Revenue Bonds, Series 1996 C (West Virginia SRF Program), the Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), the Sewer Revenue Bonds, Series 1997 B (West Virginia SRF Program), the Sewer Revenue Bonds, Series

1999 A (West Virginia SRF Program), the Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), the Sewer Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), the Sewer Revenue Bonds, Series 2001 B (West Virginia SRF Program), the Sewer Revenue Bonds, Series 2002 A (West Virginia SRF Program), the Sewer Revenue Bonds, Series 2002 B (West Virginia SRF Program), the Sewer Revenue Bonds, Series 2002 C (West Virginia SRF Program), the Sewer Revenue Bonds, Series 2002 D (West Virginia Water Development Authority), the Sewer Revenue Bonds, Series 2002 E (West Virginia Water Development Authority), the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), the Sewer Revenue Bonds, Series 2003 B (West Virginia SRF Program), and the 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").


Authorized Representative