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July 9, 2009

$7,510,000
Berkeley County Public Service District
Water Revenue Bonds, Series 2009
(Bank Qualified)

RECEIVED
JUL - 9 2009
MBC

Paul S. Fisher, Executive Director
Berkeley County Public Service District
P.O. Box 737
Martinsburg, West Virginia 25402

Dear Paul:

Enclosed is the transcript of closing documents for the above-referenced financing for Berkeley County Public Service District. For auditing purposes, the District should keep the transcript on file until three years after the Bonds mature. Upon receipt, should you have any questions, please call me.

It was a pleasure working with you and the Board. We look forward to working with you again.

My best regards.

Very truly yours,

John Stump

JCS/rmc
Enclosures
cc: Distribution List (attached)

067780.00011

5211854

$7,510,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED)

TRANSCRIPT DISTRIBUTION LIST

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$7,510,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED)

DATE OF CLOSING: FEBRUARY 17, 2009

BOND TRANSCRIPT

STEPTOE & JOHNSON PLLC

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$7,510,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Revenue Bonds, Series 2009 (Bank Qualified)

Date of Closing: February 17, 2009

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

WATER REVENUE BONDS, SERIES 2009
(BANK QUALIFIED)

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $10,000,000, THE PROCEEDS OF WHICH SHALL BE EXPENDED TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS AND IMPROVEMENTS TO THE DISTRICT'S EXISTING WATERWORKS TREATMENT AND DISTRIBUTION SYSTEM AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

WHEREAS, pursuant to the Orders of the Public Service Commission of West Virginia (the "PSC") dated December 28, 2000 and April 26, 2001, in Case No. 00-0893-PWD-PC and the Resolution of The County Commission of Berkeley County (the "Berkeley Commission") dated June 28, 2001, the PSC and the Berkeley Commission approved the merger of Hedgesville Public Service District ("Hedgesville") and Opequon Public Service District ("Opequon") into the District and the dissolution of Hedgesville and Opequon and the System now includes the assets and customers of the Hedgesville and Opequon systems;

WHEREAS, under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to issue revenue bonds for the purpose of financing the acquisition and construction of additions and improvements to the System;

WHEREAS, there are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon which are designated and have the lien positions with respect to the Net Revenues of the waterworks system of the Issuer as follows:

Designation	Lien Position on Net Revenues
(1) Water Revenue Bonds, Series 1993 B (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 A) (the "Series 1993 B Bonds"), dated March 8, 1993, and issued in the aggregate principal amount of $528,871;	First Lien
(2) Water Revenue Bonds, Series 1993 C (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 B) (the "Series 1993 C Bonds"), dated March 8, 1993, and issued in the aggregate principal amount of $17,629;	Second Lien
(3) Water Revenue Bonds, Series 1993 D (formerly Opequon Public Service District Water Revenue Bonds, Series 1993) (the "Series 1993 D Bonds"), dated July 29, 1993, and issued in the aggregate principal amount of $10,257,957;	First Lien
(4) Water Revenue Bonds, Series 1996 (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1996) (the "Series 1996 Bonds"), dated August 6, 1996, and issued in the aggregate principal amount of $677,158;	First Lien

(5) Water Revenue Bonds, Series 1997 (formerly Opequon Public Service District Water Revenue Bonds, Series 1997) (the "Series 1997 Bonds"), dated June 25, 1997, and issued in the aggregate principal amount of $3,339,090;	First Lien
(6) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority) (the "Series 2001 A Bonds"), dated October 25, 2001, and issued in the aggregate principal amount of $2,010,000;	First Lien
(7) Water Refunding Revenue Bonds, Series 2003 A (Bank Qualified) (the "Series 2003 A Bonds"), dated April 1, 2003, and issued in the aggregate principal amount of $1,330,000;	First Lien
(8) Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified) (the "Series 2003 B Bonds"), dated April 1, 2003, and issued in the aggregate principal amount of $2,030,000;	First Lien
(9) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority) (the "Series 2003 C Bonds"), dated May 15, 2003, and issued in the aggregate principal amount of $2,430,000;	First Lien
(10) Water Revenue Bonds, Series 2004 (Bank Qualified) (the "Series 2004 Bonds"), dated December 30, 2004, and issued in the aggregate principal amount of $10,000,000;	First Lien
(11) Water Revenue Bonds, Series 2006 (Bank Qualified) (the "Series 2006 Bonds"), dated December 28, 2006, and issued in the aggregate principal amount of $10,000,000;	First Lien
(12) Water Revenue Bonds, Series 2007 (Non-Bank Qualified) (the "Series 2007 Bonds), dated December 21, 2007, and issued in the aggregate principal amount of not more than $2,300,000; and	First Lien
(13) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008, and issued in the aggregate principal amount of not more than $9,500,000.	First Lien

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds and the Series 2008 Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds. The First Lien Bonds and Second Lien Bonds are collectively sometimes hereinafter collectively referred to as the "Prior Bonds."

There are outstanding obligations of the Issuer which are designated and have lien position with respect to the Capacity Improvement Fee of the Issuer's System as follows: Bond Anticipation Notes, Series 2007, dated February 8, 2007, issued in the original aggregate principal amount of $20,000,000 (the "Series 2007 Notes"). The Series 2007 Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the Issuer's System, the proceeds of the bonds to be subsequently issued by the Issuer to permanently finance the project financed by the Series 2007 Notes and Surplus Revenues of the System and are not secured by the Net Revenues of the System.

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of Berkeley County that its Series 2009 Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2009 Bonds.

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

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2009 Bonds, shall mean the Bond Insurer, if any, designated in the Supplemental Resolution.

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

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

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

"Bonds" means, collectively, the Series 2009 Bonds, the First Lien Bonds and the Second Lien Bonds, and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Capacity Improvement Fees" means the Capacity Improvement Fees of the District authorized by the Public Service Commission of West Virginia, as may be modified from time to time, which are not included in the Gross Revenues of the System.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2009 Bonds in substantially the form set forth in EXHIBIT A - SERIES 2009 BOND FORM, attached hereto.

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

"Closing Date" means the date upon which there is an exchange of the Series 2009 Bonds for the proceeds representing the original purchase prices thereof.

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

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

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

"Costs" or similar terms mean those costs described in Section 1.03 hereof to be a part of the costs of acquisition and construction of the Project.

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

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

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

"DTC-eligible" means, with respect to the Series 2009 Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

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

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

"Financial Guaranty Insurance Policy" means the financial guaranty insurance policy, if any, issued by a Bond Insurer simultaneously with the delivery of the Series 2009 Bonds, insuring the payment of the principal of and interest on all or any of the Series 2009 Bonds in accordance with the terms thereof.

"First Lien Bonds" means, collectively, the Series 1993 B Bonds, Series 1993 D Bonds, Series 1996 Bonds, Series 1997 Bonds, Series 2001 A Bonds, Series 2003 A Bonds, Series 2003 B Bonds, Series 2003 C Bonds, Series 2004 Bonds, Series 2006 Bonds, Series 2007 Bonds and the Series 2008 Bonds.

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

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

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

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

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

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

"Net Proceeds" means the face amount of the Series 2009 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2009 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2009 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds of the Series 2009 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2009 Bonds.

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

"Original Purchaser" means Ross, Sinclaire & Associates, LLC, Frankfort, Kentucky, as the purchaser of the Series 2009 Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2009 Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2009 Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2009 Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2009 Bonds.

"Outstanding," when used with reference to the Series 2009 Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid

principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as a Bond Insurer has been reimbursed in full.

"Paying Agent," initially, the West Virginia Municipal Bond Commission and any other paying agent or other entity designated as such for the Series 2009 Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1993 B Bonds, the Series 1993 C Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, and the Series 2008 Bonds as herein defined.

"Prior Notes" means the Series 2007 Notes as herein defined.

"Prior Resolutions" means the bond resolutions as supplemented, of the Issuer or the bond resolutions of Hedgesville and Opequon assumed by merger, authorizing the Prior Bonds.

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

"Purchase Price," for the purpose of computation of the Yield of the Series 2009 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2009 Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2009 Bonds of each maturity is sold or, if the Series 2009 Bonds are privately placed, the price paid by the first buyer of the Series 2009 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2009 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2009 Bonds.

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"Record Date" means the day of the month which shall be so stated in the Series 2009 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2009 Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

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

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

"Reserve Accounts" means the respective Reserve Accounts established for the Series 2009 Bonds and the Prior Bonds.

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

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

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

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

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

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

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

"Series 1996 Bonds" means the Water Revenue Bonds, Series 1996 (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1996), as described above.

"Series 1997 Bonds" means the Water Revenue Bonds, Series 1997 (formerly Opequon Public Service District Water Revenue Bonds, Series 1997), as described above.

"Series 2001 A Bonds" means the Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), as described above.

"Series 2003 A Bonds" means the Water Refunding Revenue Bonds, Series 2003 A (Bank-Qualified), as described above.

"Series 2003 B Bonds" means the Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified), as described above.

"Series 2003 C Bonds" means the Water Revenue Bonds, Series 2003 C, as described above.

"Series 2004 Bonds" means the Water Revenue Bonds, Series 2004, as described above.

"Series 2006 Bonds" means the Water Revenue Bonds, Series 2006, as described above.

"Series 2007 Bonds" means the Water Revenue Bonds, Series 2007, as described above.

"Series 2007 Notes" means the Bond Anticipation Notes, Series 2007, as described above.

"Series 2008 Bonds" means the Water Revenue Bonds, Series 2008, as described above.

"Series 2009 Bonds" means the Water Revenue Bonds, Series 2009 (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2009 Bonds Construction Fund" means the Series 2009 Bonds Construction Fund created by Section 4.02 hereof.

"Series 2009 Bonds Redemption Account" means the Series 2009 Bonds Redemption Account created by Section 4.02 hereof.

"Series 2009 Bonds Reserve Account" means the Series 2009 Bonds Reserve Account created by Section 4.02 hereof.

"Series 2009 Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2009 Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2009 Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2009 Bonds.

"Series 2009 Bonds Sinking Fund" means the Series 2009 Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2009 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following adoption of this Resolution, setting forth the final amounts, maturities, interest rates and other terms of the Series 2009 Bonds and authorizing the sale of the Series 2009 Bonds to the Original Purchaser and setting forth provisions specific to the Bond Insurer, if any; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

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

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

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

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

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

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

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

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

A. The Issuer is a public corporation and public service district of the State of West Virginia in Berkeley County of said State.

B. The Issuer presently owns and operates a public waterworks treatment and distribution system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the System, consisting of a 24-inch water main from Auto Parts Road to the Cumbo Yard storage tank, a 24-inch water main from Mid-Atlantic Parkway to the Duke Street storage tank and a 12-inch water main on Goldmiller Road from Mish Road to Gerrardstown Road, and all appurtenant facilities, as well as design of future additions, betterments and improvements to the System (collectively, the "Project") (the existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2009 (Bank Qualified), in the total aggregate principal amount of not more than $10,000,000 to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2009 Bonds prior

to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2009 Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2009 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

D. The period of usefulness of the System after completion of the Project is not less than 30 years.

E. It is in the best interests of the Issuer that the Series 2009 Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement or bond purchase agreements to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. The Series 2009 Bonds shall be issued on a parity with one another and 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 requirements for issuance of parity bonds set forth in the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2009 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds have been met; and (ii) where necessary, the written consent of the Holders of the First Lien Bonds and the Second Lien Bonds to the issuance of the Series 2009 Bonds on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

G. The Series 2009 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth in EXHIBIT A - Series 2009 BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

H. All things necessary to make the Series 2009 Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2009 Bonds, will be timely done and duly performed.

I. The adoption of this Resolution, and the execution and issuance of the Series 2009 Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2009 Bonds by those who shall own or hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of such Bondholders of any and all of such Series 2009 Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project. There is hereby authorized and ordered the acquisition and construction of the Project at an estimated cost of not more than $10,000,000. The proceeds of the Series 2009 Bonds hereby authorized shall be applied as provided herein.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Bonds issued pursuant to this Resolution after the issuance of the Series 2009 Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Bonds shall be dated as of the date provided in a Supplemental Resolution. The Series 2009 Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2009 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2009 Bonds shall be in default, Bonds issued in exchange for Series 2009 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2009 Bonds surrendered.

The principal of and the premium, if any, on the Series 2009 Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2009 Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $500,000 or more of the Series 2009 Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2009 Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Bond in the principal amount of said Series 2009 Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2009 Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2009 Bonds shall cease to be such officer of the Issuer before the Series 2009 Bonds so signed and sealed have been actually sold and delivered, such Series 2009 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2009 Bonds had not ceased to hold such office. Any Series 2009 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Series 2009 Bonds shall hold the proper office in the Issuer, although at the date of such Series 2009 Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2009 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Series 2009 Bond, substantially in the form set forth in EXHIBIT A - Series 2009 BOND FORM attached hereto and incorporated herein by reference, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2009 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Series 2009 Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2009 Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2009 Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Series 2009 Bonds, shall be conclusively deemed to have agreed that such Series 2009 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2009 Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2009 Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2009 Bonds. Series 2009 Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2009 Bond, there shall be issued at the option of the Holder or the transferee another Series 2009 Bond of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Series 2009 Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2009 Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Series 2009 Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2009 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2009 Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2009 Bonds, the initial exchange of Series 2009 Bonds and exchanges of Series 2009 Bonds in the event of partial redemption of fully registered Series 2009 Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2009 Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2009 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Series 2009 Bond of like series, maturity and principal amount as the Series 2009 Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Series 2009 Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Series 2009 Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2009 Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Series 2009 Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Series 2009 Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2009 Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Series 2009 Bonds be at any time found by any one, and such duplicate Series 2009 Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

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

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2009 Bonds Redemption Account in accordance with Subsection 4.03A(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of

the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to the Series 2009 Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2009 Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2009 Bonds Sinking Fund, as will exhaust as nearly as practicable such Series 2009 Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2009 Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Bond Insurer, the Original Purchaser and the registered owner of the Series 2009 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2009 Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2009 Bonds shall also be sent to registered securities depositories.

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

(1) The Redemption Date;

(2) The Redemption Price;

(3) If less than all outstanding Series 2009 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2009 Bonds, as appropriate, to be redeemed;

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Series 2009 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(5) The place where such Series 2009 Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar; and

(6) Such other information, if any, as shall be required for DTC-eligible Series 2009 Bonds.

If funds sufficient to redeem all Series 2009 Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2009 Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2009 Bonds or portions of Series 2009 Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2009 Bonds or portions of Series 2009 Bonds shall cease to bear interest. Upon surrender of

such Series 2009 Bonds for redemption in accordance with said notice, such Series 2009 Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2009 Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Series 2009 Bond. All Series 2009 Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2009 Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Series 2009 Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Series 2009 Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

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

Section 3.10. Authorization of Bonds. For the purposes of paying costs of acquisition and construction of the Project, funding the Series 2009 Bonds Reserve Account, paying capitalized interest on the Series 2009 Bonds and paying costs in connection therewith, there shall be issued the Series 2009 Bonds of the Issuer, in an aggregate principal amount of not more than $10,000,000. The Series 2009 shall be designated "Water Revenue Bonds, Series 2009 (Bank Qualified)" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2009 Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2009 Bonds shall be numbered from R-1 consecutively upward. The Series 2009 Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Series 2009 Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2009 Bonds, respectively, of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2009 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2009 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2009 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2009 Bond, or any other evidence of ownership of the Series 2009 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2009 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2009 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Resolution, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2009 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2009 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Resolution. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2009 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2009 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2009 Bonds so redeemed, but DTC may return such Series 2009 Bonds and make an appropriate notation on the Series 2009 Bonds certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2009 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2009 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2009 Bonds, selecting the Series 2009 Bonds, or portions thereof, to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 2009 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2009 Bonds under or through

DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2009 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2009 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2009 Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2009 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2009 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2009 Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 2009 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2009 Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 2009 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2009 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2009 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2009 Bonds to the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2009 Bonds by Bond Counsel; and

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

Section 3.13. Form of Bonds. The definitive Series 2009 Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2009 BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2009 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2009 Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds.

Upon the issuance and delivery of the Series 2009 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2009 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2009 Bonds Sinking Fund and applied to payment of interest on the Series 2009 Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2009 Bonds equal to the Series 2009 Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2009 Bonds Reserve Account, provided that, to the extent the Series 2009 Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2009 Bonds shall be used to purchase said reserve account letter of credit, surety bond or other credit facility and proceeds of the Series 2009 Bonds shall be deposited in the Series 2009 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2009 Bonds Reserve Requirement.

3. An amount of the proceeds of the Series 2009 Bonds which shall be sufficient to pay the costs of issuance of the Series 2009 Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2009 Bonds. All such costs of issuance shall be paid within 60 days of the Closing Date. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer to the Series 2009 Bonds Construction Fund.

4. The balance of proceeds of the Series 2009 Bonds, not used for any of the purposes set forth above, shall be deposited in the Series 2009 Bonds Construction Fund and shall be drawn out, used and applied by the Issuer solely to pay the costs of acquisition and construction of the Project and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2009 Bonds Construction Fund. Disbursements from the Series 2009 Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2009 Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of the Project, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2009 Bonds Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Section 3.16. Designation of Series 2009 Bonds as "Qualified Tax-Exempt Obligations." The Issuer hereby designates the Series 2009 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2009 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2009 Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2009, all as determined in accordance with the Code.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2009 Bonds Construction Fund;

(4) Series 2009 Bonds Costs of Issuance Fund; and

(5) Rebate Fund.

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

(1) Series 2009 Bonds Sinking Fund;

(2) Within the Series 2009 Bonds Sinking Fund, the Series 2009 Bonds Redemption Account; and

(3) Series 2009 Bonds Reserve Account.

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

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the

Prior Resolutions to pay interest on the First Lien Bonds; and (ii) commencing 6 months prior to the first interest payment date on the Series 2009 Bonds, for deposit in the Series 2009 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2009 Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2009 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2009 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2009 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2009 Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay the principal of the First Lien Bonds; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2009 Bonds, for deposit in the Series 2009 Bonds Sinking Fund, and in the Series 2009 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2009 Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2009 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to fund the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2009 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2009 Bonds Reserve Account below the Series 2009 Bonds Reserve Requirement or any withdrawal from the Series 2009 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2009 Bonds Reserve Account results in a

determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2009 Bonds Reserve Account is less than the Series 2009 Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2009 Bonds Reserve Account for deposit into the Series 2009 Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2009 Bonds Reserve Account to an amount equal to the Series 2009 Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2009 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2009 Bonds Reserve Requirement.

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

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

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

Monies in the Series 2009 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2009 Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the Series 2009 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2009 Bonds when due, when amounts in the Series 2009 Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Issuer shall not be required to make any further payments into the Series 2009 Bonds Sinking Fund or the Series 2009 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series

2009 Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2009 Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2009 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirements therefor.

The payments into the Series 2009 Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

The Issuer shall restore any withdrawals from the Series 2009 Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2009 Bonds Reserve Requirement, from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the Series 2009 Bonds, senior and prior to the principal, interest or reserve payments for the Second Lien Bonds, in accordance with the respective principal amounts then Outstanding.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2009 Bonds Sinking Fund and the Series 2009 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Bond Commission from the Revenue Fund by the Issuer at the times provided herein.

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

C. The Issuer shall remit from the Revenue Fund to the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any charges and fees then due.

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

E. If on any monthly payment date the Net Revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

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

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

(A) Qualified Investments acquired for the Series 2009 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to annually transfer from the Series 2009 Bonds Reserve Account, pro rata, to the Series 2009 Bonds Sinking Fund, any earnings on the monies deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2009 Bonds Reserve Account an amount at least equal to the Series 2009 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2009 Bonds Reserve Account, whereupon such account shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2009 Bonds Reserve Account shall, at any time, be less than the Series 2009 Bonds Reserve Requirement, the Bond Insurer, if any, shall be notified immediately of such deficiency, such deficiency shall be made up from the first available Net Revenues in the order set forth in Section 4.03 hereof.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2009 Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2009 Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2009 Bonds in such manner and to such extent as may be necessary, so that the Series 2009 Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2009 Bonds) so that the interest on the Series 2009 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2009 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2009 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect,

with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2009 Bonds from gross income for federal income tax purposes.

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

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2009 Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 2009 Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2009 Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2009 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution but shall be payable solely from the Net Revenues of the System, the monies in the Series 2009 Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2009 Bonds or monies in the Series 2009 Bonds Construction Fund, all as herein provided. No Holder or Holders of the Series 2009 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 Bonds, or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Series 2009 Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the interest on and principal of the Prior Bonds and the Series 2009 Bonds herein authorized, and to make the payments into the Series 2009 Bonds Sinking Fund, the Series 2009 Bonds Reserve Account, and all other payments provided for in this Resolution and the Prior Resolutions, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the interest on and principal of the Series 2009 Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any fiscal year for payment of principal of and interest on the Series 2009 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2009 Bonds, including the First Lien Bonds and the Second Lien Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the current rate order.

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

Section 6.05. Completion of Project; Operation and Maintenance. The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in this Resolution.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2009 Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2009 Bonds, immediately be remitted to the Bond

Commission for deposit in the Series 2009 Bonds Sinking Fund and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest on the Series 2009 Bonds. Any balance remaining after the payment of the Series 2009 Bonds and interest thereon shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $500,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $500,000 but not in excess of $1,000,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $500,000 and not in excess of $1,000,000, shall with the written consent of the Authority, be remitted by the Issuer to the Bond Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise into the Renewal and Replacement Fund. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $1,000,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2009 Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2009 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2009 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2009 Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2009 Bonds and the interest thereon, if any, in this Resolution, or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2009 Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2009 Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by an Independent Certified Public Accountant reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 120% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2009 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2009 Bonds.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2009 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

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

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

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

Section 6.10. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.11. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, has been fully paid.

Section 6.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2009 Bond shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other

bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

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

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

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

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

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

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser, the Bond Insurer, if any, and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Connections. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2009 Bonds, pro rata, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds, and senior and prior to the lien in favor of the Holders of the Second Lien Bonds.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2009 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2009 Bonds during the term thereof is, under the terms of the Series 2009 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2009 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2009 Bonds during the term thereof is, under the terms of the Series 2009 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2009 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2009 Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2009 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2009 Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2009 Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2009 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18 Financial Guaranty Insurance Policy. The Issuer may apply for a Financial Guaranty Insurance Policy for the Series 2009 Bonds. In the event a Financial Guaranty Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2009 Bonds. These additional covenants and provisions shall be set forth in a Supplemental Resolution, shall apply to the Series 2009 Bonds, and shall be controlling in the event any other provisions of this Resolution may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2009 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2009 Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Series 2009 Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Bond Insurer;

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

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

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

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

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

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

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

(C) Bring suit upon the Series 2009 Bonds;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Bondholders; and

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

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2009 Bonds shall be on a parity with one another and also on parity with those of the Holders of the First Lien Bonds, and senior and prior to those of the Holders of the Second Lien Bonds.

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Resolution and the Act.

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

Whenever all that is due upon the Series 2009 Bonds issued pursuant to this Resolution and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further

orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2009 Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

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

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

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2009 Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 2009 Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2009 Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2009 Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

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

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2009 Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2009 Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2009 Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Series 2009 Bonds are

fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Series 2009 Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2009 Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Series 2009 Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

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

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

however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2009 Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2009 Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

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

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 2009 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2009 Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2009 Bonds from gross income for federal income tax purposes.

The Series 2009 Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2009 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2009 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2009 Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2009 Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2009 Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2009 Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. Prior to issuance of the Series 2009 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of the Resolution, shall be controlling. Following issuance of the Series 2009 Bonds, this Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. In the event any of the Series 2009 Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2009 Bonds or the rights of any Bond Insurer for such Series 2009 Bonds may be effected without the written consent of such Bond Insurer. No materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2009 Bonds then Outstanding and affected thereby and such Bond Insurer, which must be filed with the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2009 Bonds without the express written consent of the Holder of each Series 2009 Bond so affected, nor reduce the percentage of Series 2009 Bonds required for consent to any such modification or amendment.

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

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

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such

instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

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

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

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

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

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

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States

mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

Berkeley County Public Service District
Post Office Box 737
Martinsburg, West Virginia 25402-0737
Attention: Chairman

REGISTRAR AND PAYING AGENT

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

DEPOSITORY BANK

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

ORIGINAL PURCHASER

Ross, Sinclaire & Associates, LLC
400 Democrat Drive
Frankfort, Kentucky 40601
Attention: Senior Vice President

BOND INSURER

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

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

Section 10.07. No Personal Liability. No member of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Resolution.

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

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2009 Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2009 Bonds and the Original Purchaser.

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

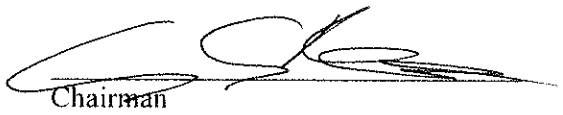
Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All orders, resolutions or parts thereof in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the resolutions authorizing the Prior Bonds, the resolutions authorizing the Prior Bonds shall control, unless less restrictive, so long as the Prior Bonds are Outstanding.

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

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

Adopted this 12th day of January, 2009.



Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Berkeley County Public Service District on the 12th day of January, 2009.

Dated this 17th day of February, 2009.

[SEAL]

Ruby S. Kerr
Secretary

01.08.09
067780.00011

EXHIBIT A - SERIES 2009 BONDS FORM

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

No. R-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment

Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $10,000,000 designated "Berkeley County Public Service District Water Revenue Bonds, Series 2009 (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2009, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the System; (ii) to fund a Reserve Account for the Series 2009 Bonds (as hereinafter defined); and (iii) to pay certain costs of issuance of the Series 2009 Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on January 12, 2009, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on January 12, 2009 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

THIS BOND IS ISSUED ON A PARITY WITH OR SENIOR TO WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING WATER REVENUE BONDS OF THE ISSUER WHICH HAVE THE LIEN POSITION SO DESIGNATED:

DESIGNATION	LIEN POSITION
(1) WATER REVENUE BONDS, SERIES 1993 B (FORMERLY HEDGESVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1993 A) (THE "SERIES 1993 B BONDS"), DATED MARCH 8, 1993, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $528,871;	FIRST LIEN
(2) WATER REVENUE BONDS, SERIES 1993 C (FORMERLY HEDGESVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1993 B) (THE "SERIES 1993 C BONDS"), DATED MARCH 8, 1993, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $17,629;	SECOND LIEN
(3) WATER REVENUE BONDS, SERIES 1993 D (FORMERLY OPEQUON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1993) (THE "SERIES 1993 D BONDS"), DATED JULY 29, 1993, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,257,957;	FIRST LIEN
(4) WATER REVENUE BONDS, SERIES 1996 (FORMERLY HEDGESVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996) (THE "SERIES 1996 BONDS"), DATED AUGUST 6, 1996, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $677,158;	FIRST LIEN

(5) WATER REVENUE BONDS, SERIES 1997 (FORMERLY OPEQUON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1997) (THE "SERIES 1997 BONDS"), DATED JUNE 25, 1997, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $3,339,090;	FIRST LIEN
(6) WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 2001 A BONDS"), DATED OCTOBER 25, 2001, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,010,000;	FIRST LIEN
(7) WATER REFUNDING REVENUE BONDS, SERIES 2003 A (BANK QUALIFIED) (THE "SERIES 2003 A BONDS"), DATED APRIL 1, 2003, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,330,000;	FIRST LIEN
(8) WATER REFUNDING REVENUE BONDS, SERIES 2003 B (NON-BANK QUALIFIED) (THE "SERIES 2003 B BONDS"), DATED APRIL 1, 2003, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,030,000;	FIRST LIEN
(9) WATER REVENUE BONDS, SERIES 2003 C (THE "SERIES 2003 C BONDS"), DATED MAY 15, 2003, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,430,000;	FIRST LIEN
(10) WATER REVENUE BONDS, SERIES 2004 (THE "SERIES 2004 BONDS"), DATED DECEMBER 30, 2004, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,000,000;	FIRST LIEN

(11) WATER REVENUE BONDS, SERIES 2006 (THE "SERIES 2006 BONDS"), DATED DECEMBER 28, 2006, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,000,000;	FIRST LIEN
(12) WATER REVENUE BONDS, SERIES 2007 (NON-BANK QUALIFIED) (THE "SERIES 2007 BONDS") DATED DECEMBER 21, 2007, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,300,000; AND	FIRST LIEN
(13) WATER REVENUE BONDS, SERIES 2008 (BANK QUALIFIED) (THE "SERIES 2008 BONDS") DATED JANUARY 24, 2008, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $9,500,000.	FIRST LIEN

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds and the Series 2008 Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds.

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

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

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

_____Bonds Maturing_____

Year (___) Principal Amount

_____Bonds Maturing_____

Year (___) Principal Amount

_____Bonds Maturing_____

Year (___) Principal Amount

_____Bonds Maturing_____

Year (___) Principal Amount

_____Bonds Maturing_____

Year (___) Principal Amount

* Final Maturity

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

Notice of any redemption of this Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds, and senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Resolution for the Bonds (the "Series 2009 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2009 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any fiscal year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay costs of acquisition and construction of certain additions, betterments and improvements to the System, fund a reserve account for the Series 2009 Bonds and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or

statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

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

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

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

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Dated: _____, 2009.

_____,
as Registrar

By: _____
Its Authorized Officer

(Form Of)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

STATEMENT OF INSURANCE

01.11.09
067780.00011

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED) OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A COMMITMENT FOR MUNICIPAL BOND INSURANCE, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS; IMPLEMENTING PROVISIONS REQUIRED AS A CONDITION TO OBTAINING BOND INSURANCE, THE IMPLEMENTATION OF ANY AND ALL COVENANTS AND PROVISIONS REQUIRED AS A CONDITION TO OBTAINING SUCH MUNICIPAL BOND INSURANCE POLICY ON THE SERIES 2009 BONDS; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

WHEREAS, the Governing Body duly adopted on January 12, 2009, a resolution (the "Resolution") entitled:

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $10,000,000, THE PROCEEDS OF WHICH SHALL BE EXPENDED TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS AND IMPROVEMENTS TO THE

2(a)

DISTRICT'S EXISTING WATERWORKS TREATMENT AND DISTRIBUTION SYSTEM AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Resolution provided for the issuance by the Issuer of its Water Revenue Bonds, Series 2009 (Bank Qualified) in the aggregate principal amount of not more than $10,000,000 (the "Series 2009 Bonds"), for the purposes of paying costs of acquisition and construction of additions, betterments and improvements to the System, funding a reserve account for the Series 2009 Bonds and paying costs of issuance thereof, all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Resolution further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2009 Bonds should be established by a supplemental resolution, that a Bond Insurer, Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Series 2009 Bonds be provided for by a supplemental resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and as may be required by any Bond Insurer as a condition to insuring such Series 2009 Bonds and that other matters pertaining to the Series 2009 Bonds be provided for by a supplemental resolution of this Board;

WHEREAS, the Series 2009 Bonds are proposed to be purchased by Ross, Sinclaire & Associates, LLC (the "Original Purchaser"), pursuant to a Bond Purchase

Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Issuer has obtained a commitment for Municipal Bond Insurance for the Series 2009 Bonds from Financial Security Assurance, Inc. (Financial Security Assurance, Inc., and its successors and assigns, are hereinafter referred to as the "Bond Insurer") and has determined that it is advantageous for the Issuer to obtain such Financial Guaranty Insurance Policy and provide herein for certain matters required by the Bond Insurer as a condition to issuing such Financial Guaranty Insurance Policy for the Series 2009 Bonds;

WHEREAS, the Governing Body wishes to delegate to the Chairman the authority to approve, within the parameters set forth herein and in the Resolution, the final terms and provisions of all documents relating to the Series 2009 Bonds (the "Bond Documents"), without the requirement of further official action by this Board; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Commitment for Financial Guaranty Insurance for the Series 2009 Bonds and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2009 Bonds, hereinafter described, be approved, that the Issuer's Chairman be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Board, that covenants and provisions required by the Bond Insurer for the Series 2009 Bonds as a condition to issuing its Financial Guaranty Insurance Policy be provided herein, and that other matters relating to the Series 2009 Bonds be herein provided for, all in accordance with said Resolution,

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

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2009 Bonds. The Series 2009 Bonds shall be issued in the aggregate principal amount not to exceed $10,000,000, bear interest at a rate not to exceed 8%, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2009, shall mature on December 1 in such years, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates (with final maturity no later than December 1, 2037), shall be subject to such redemption provisions, all as shall subsequently be approved by the Chairman; and

shall be substantially in the form set forth in the Resolution, provided however, that the specific terms of the Series 2009 Bonds shall be as determined by the Chairman at the time of the execution of the Bond Purchase Agreement and as approved by the Chairman in the Certificate of Series 2009 Bonds Determinations attached hereto as EXHIBIT B. All other provisions relating to the Series 2009 Bonds shall be as provided in the Resolution, and the Series 2009 Bonds shall be in substantially the form provided in the Resolution.

Section 2. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved, and directed. The Chairman shall execute the Bond Purchase Agreement on behalf of the District with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Bond Purchase Agreement by the Chairman shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2009 Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 3. The Continuing Disclosure Agreement by and between the Issuer and the Original Purchaser, to be dated as of the date of delivery of the Series 2009 Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved and directed. The Chairman shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Continuing Disclosure Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 4. The Official Statement to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Chairman), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Chairman shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Official Statement by the Chairman shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Chairman is hereby ratified and approved.

Section 5. The Registrar Agreement by and between the Issuer and the Registrar designated herein, to be dated as of the date of delivery of the Series 2009 Bonds, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Chairman shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the

Registrar Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 6. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2009 Bonds.

Section 7. The Chairman is hereby authorized to solicit proposal from qualified financial institutions and select a Registrar for the Series 2009 Bonds, which shall be set forth in the Certificate of Determinations.

Section 8. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent and Depository Bank, however, costs of issuance for the Series 2009 Bonds will be deposited with Susquehanna Bancshares Inc.

Section 9. The Issuer does hereby determine that the Financial Guaranty Policy offered by the Bond Insurer for the Series 2009 Bonds will result in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Financial Guaranty Insurance Policy, and accordingly accepts the Commitment for Financial Guaranty Insurance (the "Commitment") of Financial Security Assurance, Inc., dated November, 2009. The Chairman is hereby authorized and directed to execute the approval of the Commitment and deliver the same to the Bond Insurer. Execution by the Chairman of the Commitment shall be conclusive evidence of any approval required by this Section. In the event that Financial Security Assurance, Inc., has been acquired by another entity, the Chairman is hereby authorized to take any and all actions required to avail the Issuer with the benefit of the Financial Guaranty Insurance Policy and the Commitment, as though Financial Security Assurance remained the party to such Financial Guaranty Insurance Policy and Commitment.

Section 10. Pursuant to the Commitment, and, as permitted by Section 6.18 of the Resolution, the following covenants and provisions which are required by the Bond Insurer as a condition precedent to issuance of its Financial Guaranty Insurance Policy for the Series 2009 Bonds are hereby set forth in Exhibit A, attached hereto and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Resolution and applicable to the Series 2009 Bonds.

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

PAYING AGENT AND DEPOSITORY BANK

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

ORIGINAL PURCHASER

Ross, Sinclaire & Associates, LLC
400 Democrat Drive
Frankfort, Kentucky 40601
Attention: Public Finance

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2009 Bond issue to the end that the Series 2009 Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 13. The financing of the project with proceeds of the Series 2009 Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. This Supplemental Resolution shall be effective immediately.

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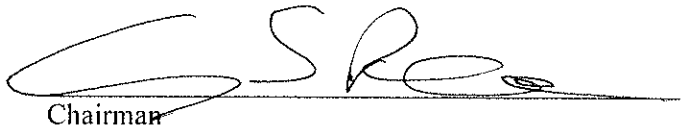
Adopted this 12th day of January, 2009.



Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Public Service Board of BERKELEY COUNTY PUBLIC SERVICE DISTRICT on the 12th day of January, 2009.

Dated this 17th day of February, 2009.

[SEAL]

Ruby S. Kerr
Secretary

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EXHIBIT A

PROVISIONS RELATING TO BOND INSURANCE

Bond Insurance Provisions

(a) "Insurance Policy" shall be defined as follows: "this insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due." "Insurer" shall be defined as follows: "Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof."

(b) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Debt Service Reserve Fund, if any. Notwithstanding anything to the contrary set forth in the Resolution, amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Bonds.

(c) The Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Resolution pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent. Remedies granted to the Bondholders shall expressly include mandamus.

(d) The security for the Bonds shall include a pledge of any agreement with any underlying obligor that is a source of payment for the Bonds and a default under any such agreement shall constitute an Event of Default under the Resolution.

(e) If acceleration is permitted under the Resolution, the maturity of Bonds insured by the Insurer shall not be accelerated without the consent of the Insurer and in the event the maturity of the Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the Issuer) and the Paying Agent shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Bonds shall be fully discharged.

(f) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(g) The Insurer shall be included as a third party beneficiary to the Resolution.

(h) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Resolution which permits the purchase of the Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Bond so purchased is not cancelled upon purchase.

(i) Any amendment, supplement, modification to, or waiver of, the Resolution or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Bondowners or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

(j) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Bonds.

(k) The rights granted to the Insurer under the Resolution or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Insurer.

(l) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Bonds unless the Insurer otherwise approves.

To accomplish defeasance, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect

that the Bonds are no longer "Outstanding" under the Resolution and (iv) a certificate of discharge of the Paying Agent with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, Paying Agent and the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed "Outstanding" under the Resolution unless and until they are in fact paid and retired or the above criteria are met.

(m) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Resolution and the Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Resolution. The Resolution shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(n) Each of the Issuer and Paying Agent covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Net Revenues under applicable law.

(o) Claims Upon the Insurance Policy and Payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Resolution, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Paying Agent shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Paying Agent shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Paying Agent shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Financial Security

Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Bond or the subrogation rights of the Insurer.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Insurance Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Bondholders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lessor of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Net Revenues and payable from such Net Revenues on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

(p) The Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the Issuer to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(q) The Issuer shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Resolution or any other Related Document or otherwise afforded by law or equity; (iii) any amendment, waiver or other action with respect to, or related to, the Resolution or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Resolution or any other Related Document or the transactions contemplated hereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Resolution or any other Related Document.

(r) After payment of reasonable expenses of the Paying Agent, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(s) The Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Resolution, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(t) The notice address of the Insurer is: Financial Security Assurance Inc., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director- Surveillance, Re: Policy No. 211158-N, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(u) The Insurer shall be provided with the following information by the Issuer or Paying Agent, as the case may be:

(i) Annual audited financial statements within 150 days after the end of the Issuer's fiscal year (together with a certification of the Issuer that it is not aware of any default or Event of Default under the

Resolution), and the Issuer's annual budget within 30 days after the approval thereof with such other information, data or reports as the Insurer shall reasonably request from time to time;

(ii) Notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(iii) Notice of any default known to the Paying Agent or Issuer within five Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of resignation or removal of the Paying Agent and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any proceeding by or against the Issuer or Obligor commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement or waiver to the Related Documents; and

(ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

(v) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Resolution, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at the Debt Service Reserve Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.

(w) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Resolution would adversely affect the security for the Bonds or the rights of the Bondholders, the Paying Agent shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(x) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

EXHIBIT B

FORM OF CERTIFICATE OF SERIES 2009 BONDS DETERMINATIONS

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED)

CERTIFICATE OF DETERMINATIONS

The undersigned, _____, Chairman of Berkeley County Public Service District (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Public Service Board of the Issuer on January 12, 2009 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Water Revenue Bonds, Series 2009 (the "Series 2009 Bonds"), hereby finds and determines as follows:

1. The Series 2009 Bonds shall be dated the date of closing thereon (estimated to be February ___, 2009) and shall bear interest on **June 1 and December 1 of each year commencing June 1, 2009**.

2. The Series 2009 Bonds shall be issued in the aggregate principal amount of $_____, at a true interest cost of _____%. Such interest rates do not exceed 8%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2009 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2009 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2009 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2009 Bonds shall be sold to Ross, Sinclaire & Associates, LLC (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $_____).

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

approved.

8. The Registrar for the Series 2009 Bonds shall be _____.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2009 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2009 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

Schedule 1

SERIES 2009 BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.

Schedule 2

Redemption Provisions:

Optional Redemption

The Series 2009 Bonds maturing on or after December 1, 20___, are subject to redemption on or after December 1, 20___, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period	**Redemption Price**
December 1, 20___ and thereafter	100%

In the event of such optional redemption, the Board may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED)

CERTIFICATE OF DETERMINATIONS

The undersigned, Gregory Rhoe, Chairman of Berkeley County Public Service District (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Public Service Board of the Issuer on January 12, 2009 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Water Revenue Bonds, Series 2009 (the "Series 2009 Bonds"), hereby finds and determines as follows:

1. The Series 2009 Bonds shall be dated the date of closing thereon (estimated to be February 17, 2009) and shall bear interest on **June 1 and December 1 of each year commencing June 1, 2009**.

2. The Series 2009 Bonds shall be issued in the aggregate principal amount of $7,510,000, at a true interest cost of 4.35691%. Such interest rates do not exceed 8%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2009 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2009 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2009 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2009 Bonds shall be sold to Ross, Sinclaire & Associates, LLC (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $7,284,959.50 (representing par value less an Underwriter's discount of $149,550.00 and a net original issue discount of $75,490.50).

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

8. The Registrar for the Series 2009 Bond shall be United Bank, Inc., Charleston, West Virginia.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2009 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2009 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS my signature this 17th day of February, 2009.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

2.05.09
067780.00011

Schedule 1

SERIES 2009 BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.
R-1	2010	$280,000	2.000%	2.000%	084246FM4
R-2	2011	$290,000	2.200%	2.200%	084246 FN2
R-3	2012	$295,000	2.400%	2.400%	084246 FP7
R-4	2013	$250,000	2.600%	2.600%	084246 FQ5
R-5	2014	$255,000	2.800%	2.800%	084246 FR3
R-6	2015	$265,000	2.800%	2.900%	084246 FS1
R-7	2016	$270,000	3.000%	3.100%	084246 FT9
R-8	2017	$660,000	3.000%	3.150%	084246 FU6
R-9	2018	$680,000	3.200%	3.300%	084246 FV4
R-10	2021	$610,000	4.000%	4.100%	084246 FW2
R-11	2023	$455,000	4.125%	4.250%	084246 FX0
R-12	2025	$495,000	4.250%	4.400%	084246 FY8
R-13	2026	$865,000	4.375%	4.440%	084246 FZ5
R-14	2027	$900,000	4.400%	4.500%	084246 GA9
R-15	2028	$940,000	4.400%	4.550%	084246 GB7

Schedule 2

Redemption Provisions:

Optional Redemption

The Series 2009 Bonds maturing on or after December 1, 2017, are subject to redemption on or after December 1, 2016, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period	**Redemption Price**
December 1, 2016 and thereafter	100%

In the event of such optional redemption, the Board may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

Mandatory Redemption

The Series 2009 Bonds maturing on December 1, 2021, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2009 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on December 1, 2019, and on each December 1 thereafter to and including December 1, 2021, in annual principal amounts as follows:

Year	Amount
2019	$195,000
2020	$205,000
2021*	$210,000

The Series 2009 Bonds maturing on December 1, 2023, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2009 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on December 1, 2022, and on each December 1 thereafter to and including December 1, 2023, in annual principal amounts as follows:

Year	Amount
2022	$220,000
2023*	$235,000

The Series 2009 Bonds maturing on December 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2009 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on December 1, 2024, and on each

December 1 thereafter to and including December 1, 2025, in annual principal amounts as follows:

Year	Amount
2024	$240,000
2025*	$255,000

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

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* Final Maturity

$7,510,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
Water Revenue Bonds, Series 2009 (Bank Qualified)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 17th day of February, 2009, the undersigned, Nelson Taul, Senior Vice President of Ross, Sinclaire & Associates, LLC (the "Underwriter"), for and on behalf of the Underwriter, and the Chairman of Berkeley County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 17th day of February, 2009, in New York, New York, the Underwriter received the entire original issue of $7,510,000 in aggregate principal amount of the Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Series 2009 Bonds"). The Bonds, as so received on original issuance, are in various denominations, are all dated February 17, 2009, and are numbered from R-1, upward in order of maturity, and are registered in the name of "CEDE & CO."

2. At the time of such receipt of the Bonds, they had been executed by Gregory Rhoe as Chairman of the Issuer by his manual signature, and the official seal of the Issuer had been impressed upon each Bond and attested by Ruby Kern as Secretary of the Issuer by her manual signature, and had been authenticated by an authorized officer of The Bank of New York, as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Bonds, the proceeds of the Bonds, as follows:

Par Amount		$ 7,510,000.00
Less:	Underwriter's Discount	($ 149,550.00)
	Original Issue District	($ 75,490.50)
	Total	$ 7,284,959.50

Payment for the Bonds was made in immediately available funds (federal funds wire) in the amount of $7,284,959.50.

WITNESS our respective signatures as of the day and year first stated above.

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____
Its: Senior Vice President

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

2.05.09
067780.00011

CH5015188.1

WITNESS our respective signatures as of the day and year first stated above.

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____
Its: Senior Vice President

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

2.05.09
067780.00011

CH5015188.1

$7,510,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
Water Revenue Bonds, Series 2009 (Bank Qualified)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United Bank, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

On the 17th day of February, 2009, there are delivered to you herewith as Registrar for the above-captioned Bonds:

1. Bonds Nos. R-1 through R-15, inclusive, constituting the entire original issue of the Berkeley County Public Service District Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009, in the aggregate principal amount of $7,510,000, (the "Bonds"), executed by the Chairman and Secretary of Berkeley County Public Service District (the "Issuer") and bearing the official seal of the Issuer. The Bond is authorized to be issued under and pursuant to a Resolution adopted by the Issuer on January 12, 2009, as supplemented by a Supplemental Resolution adopted by the Issuer on January 12, 2009, (collectively, the "Resolution").

2. Copies of the Resolution, certified by the Secretary of the Issuer.

3. A list of the names in which the Bonds are to be registered upon original issuance, together with taxpayer identification and other information as requested by you.

4. A signed, unqualified approving opinion of Steptoe & Johnson PLLC, as bond counsel.

You are hereby requested and authorized, pursuant to Section 3.12 of the Resolution, to authenticate, register and deliver the Bonds to the Depository Trust Company, New York, New York, for the account of Ross, Sinclaire & Associates, LLC, as the original purchaser thereof.

Dated as of the day and year first stated above.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

2.05.09
067780.00011

CH5015192.1

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

SPECIMEN

No. R-1 $280,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.000%	December 1, 2010	February 17, 2009	084246FM4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED EIGHTY THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $7,510,000 designated "Berkeley County Public Service District Water Revenue Bonds, Series 2009 (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated February 17, 2009, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the System; (ii) to fund a Reserve Account for the Series 2009 Bonds (as hereinafter defined); (iii) to pay a portion of the interest on the Series 2009 Bonds due on June 1, 2009; and (iv) to pay certain costs of issuance of the Series 2009 Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on January 12, 2009, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on January 12, 2009 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

THIS BOND IS ISSUED ON A PARITY WITH OR SENIOR TO WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING WATER REVENUE BONDS OF THE ISSUER WHICH HAVE THE LIEN POSITION SO DESIGNATED:

DESIGNATION	LIEN POSITION
(1) WATER REVENUE BONDS, SERIES 1993 B (FORMERLY HEDGESVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1993 A) (THE "SERIES 1993 B BONDS"), DATED MARCH 8, 1993, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $528,871;	FIRST LIEN
(2) WATER REVENUE BONDS, SERIES 1993 C (FORMERLY HEDGESVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1993 B) (THE "SERIES 1993 C BONDS"), DATED MARCH 8, 1993, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $17,629;	SECOND LIEN
(3) WATER REVENUE BONDS, SERIES 1993 D (FORMERLY OPEQUON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1993) (THE "SERIES 1993 D BONDS"), DATED JULY 29, 1993, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,257,957;	FIRST LIEN
(4) WATER REVENUE BONDS, SERIES 1996 (FORMERLY HEDGESVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996) (THE "SERIES 1996 BONDS"), DATED AUGUST 6, 1996, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $677,158;	FIRST LIEN
(5) WATER REVENUE BONDS, SERIES 1997 (FORMERLY OPEQUON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1997) (THE "SERIES 1997 BONDS"), DATED JUNE 25, 1997, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $3,339,090;	FIRST LIEN

(6) WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 2001 A BONDS"), DATED OCTOBER 25, 2001, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,010,000;	FIRST LIEN
(7) WATER REFUNDING REVENUE BONDS, SERIES 2003 A (BANK QUALIFIED) (THE "SERIES 2003 A BONDS"), DATED APRIL 1, 2003, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,330,000;	FIRST LIEN
(8) WATER REFUNDING REVENUE BONDS, SERIES 2003 B (NON-BANK QUALIFIED) (THE "SERIES 2003 B BONDS"), DATED APRIL 1, 2003, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,030,000;	FIRST LIEN
(9) WATER REVENUE BONDS, SERIES 2003 C (THE "SERIES 2003 C BONDS"), DATED MAY 15, 2003, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,430,000;	FIRST LIEN
(10) WATER REVENUE BONDS, SERIES 2004 (THE "SERIES 2004 BONDS"), DATED DECEMBER 30, 2004, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,000,000;	FIRST LIEN
(11) WATER REVENUE BONDS, SERIES 2006 (THE "SERIES 2006 BONDS"), DATED DECEMBER 28, 2006, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,000,000;	FIRST LIEN
(12) WATER REVENUE BONDS, SERIES 2007 (NON-BANK QUALIFIED) (THE "SERIES 2007 BONDS") DATED DECEMBER 21, 2007, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,300,000; AND	FIRST LIEN

(13) WATER REVENUE BONDS, SERIES 2008 (BANK QUALIFIED) (THE "SERIES 2008 BONDS") DATED JANUARY 24, 2008, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $9,500,000.

FIRST LIEN

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds and the Series 2008 Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds.

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

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

[Remainder of Page Intentionally Left Blank]

(A) Optional Redemption. The Bonds are not subject to optional redemption prior to December 1, 2017. At the option of the Issuer, the Bonds will be subject to redemption prior to maturity on and after December 1, 2016, as a whole at any time and in part on any Interest Payment Date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price
December 1, 2016 and thereafter	100%

(B) Mandatory Sinking Fund Redemption.

The Series 2009 Bonds maturing on December 1, 2021, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2009 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on December 1, 2019, and on each December 1 thereafter to and including December 1, 2021, in annual principal amounts as follows:

Year	Amount
2019	$195,000
2020	$205,000
2021*	$210,000

* Final Maturity

The Series 2009 Bonds maturing on December 1, 2023, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2009 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on December 1, 2022, and on each December 1 thereafter to and including December 1, 2023, in annual principal amounts as follows:

Year	Amount
2022	$220,000
2023*	$235,000

* Final Maturity

The Series 2009 Bonds maturing on December 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2009 Bonds

Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on December 1, 2024, and on each December 1 thereafter to and including December 1, 2025, in annual principal amounts as follows:

Year	Amount
2024	$240,000
2025*	$255,000

* Final Maturity

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

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds, and senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Resolution for the Bonds (the "Series 2009 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2009 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any fiscal year for principal of and interest, if

any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay costs of acquisition and construction of certain additions, betterments and improvements to the System, fund a reserve account for the Series 2009 Bonds and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

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

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

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

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

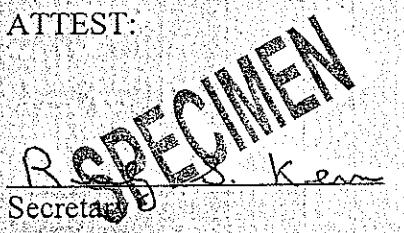
[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Chairman

ATTEST:



Secretary

Document Number: 5084427

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Dated: February 17, 2009.

UNITED BANK, INC.
as Registrar

By: _____
Its Authorized Officer

(Form Of)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

STATEMENT OF INSURANCE

Financial Security Assurance Inc. ("Financial Security"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Bond to the West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Financial Security or the Paying Agent.

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

No. R-2 SPECIMEN $290,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.200%	December 1, 2011	February 17, 2009	084246FN2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED NINETY THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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SPECIMEN

No. R-3 $295,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.400%	December 1, 2012	February 17, 2009	084246FP7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED NINETY FIVE THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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SPECIMEN

No. R-4 $250,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.600%	December 1, 2013	February 17, 2009	084246FQ5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS

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

No. R-5 SPECIMEN $255,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.800%	December 1, 2014	February 17, 2009	084246FR3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY FIVE THOUSAND AND 00/100 DOLLARS

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SPECIMEN

No. R-6 $265,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.800%	December 1, 2015	February 17, 2009	084246FS1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED SIXTY FIVE THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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SPECIMEN

No. R-7 $270,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.000%	December 1, 2016	February 17, 2009	084246FT9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED SEVENTY THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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No. R-8 SPECIMEN $660,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.000%	December 1, 2017	February 17, 2009	084246FU6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX HUNDRED SIXTY THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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SPECIMEN

No. R-9 $680,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.200%	December 1, 2018	February 17, 2009	084246FV4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX HUNDRED EIGHTY THOUSAND AND 00/100 DOLLARS

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SPECIMEN

No. R-10 $610,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.000%	December 1, 2021	February 17, 2009	084246FW2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX HUNDRED TEN THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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SPECIMEN

No. R-11 $455,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.125%	December 1, 2023	February 17, 2009	084246FX0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED FIFTY FIVE THOUSAND AND 00/100 DOLLARS

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SPECIMEN

No. R-12 $495,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.250%	December 1, 2025	February 17, 2009	084246FY8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED NINETY FIVE THOUSAND AND 00/100 DOLLARS

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SPECIMEN

No. R-13 $865,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.375%	December 1, 2026	February 17, 2009	084246FZ5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED SIXTY FIVE THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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

SPECIMEN

No. R-14 $900,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.400%	December 1, 2027	February 17, 2009	084246GA9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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

SPECIMEN

No. R-15 $940,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.400%	December 1, 2028	February 17, 2009	084246GB7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED FORTY THOUSAND AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: September 24, 2008

FINAL
10/14/2008

CASE NO. 08-0362-PWD-CN

BERKELEY COUNTY PUBLIC SERVICE DISTRICT,
DBA BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT,
a public utility, Martinsburg, Berkeley County.
Application for a certificate of convenience and necessity to construct improvements to its existing water distribution system in Berkeley County, WV.

RECOMMENDED DECISION

On March 14, 2008, the Berkeley County Public Service District, dba Berkeley County Public Service Water District (District), filed an application, duly verified, for a certificate of convenience and necessity to construct improvements to its existing water distribution system in Berkeley County, West Virginia. The District proposes to install a 24-inch water main from Auto Parts Road to the Cumbo Yard storage tank, a 24-inch water main from Mid-Atlantic Parkway to the Duke Street storage tank and a 12-inch water main on Goldmiller Road from Mish Road to Gerrardstown Road. The District estimated the project would cost $9,300,000, including $7,243,000 for construction. The proposed project will be financed by revenue bonds issued by the District and underwritten by Ross, Sinclaire & Associates. The District proposed a 1.3% rate increase to cover the increased debt service and operation and maintenance (O&M) expenses associated with the project. A Rule 42 Exhibit for the year ended June 30, 2007, prepared by Cox Hollida Price LLP, was attached to the certificate application, as was a proposed Notice of Filing, a proposed tariff and various other exhibits.

By Order dated March 14, 2008, the District was directed to provide notice of the application by publishing a copy of said Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Berkeley County, West Virginia, making due return to the Commission of proper certification of publication immediately after publication. The Notice directed that anyone desiring to make objections to the application must do so, in writing, within thirty (30) days after publication of said Notice. It was further provided that failure to timely protest or intervene could affect one's right to protest, including any associated rate increase, or to participate in future proceedings. The Notice further provided that, if no protests were received within the thirty-day period, the Commission could waive formal hearing and grant the application based upon its review of the evidence submitted in the application.

On April 7, 2008, the District filed copies of Permit Nos. 17,190 and 17,911, issued by the State of West Virginia Office of Environmental Health Services on March 14, 2008, pertaining to certain specified portions of its proposed water system improvement project.

Also on April 7, 2008, the Commission received a letter of protest to the District's proposed water system improvement project.

On April 17, 2008, Staff Attorney Ronald E. Robertson, Jr., filed an Initial Joint Staff Memorandum to which was attached an Initial Internal Memorandum dated April 17, 2008 prepared by Nathan Nelson, Utilities Analyst II, Water and Wastewater Division, and Joe Marakovits, Technical Analyst III, Engineering Division. Commission Staff reported that additional information was being sought from the District. Once the additional information was received, Commission would complete its review of the District's certificate application and file its final recommendations herein in a timely manner.

Also on April 17, 2008, Commission Staff filed its First Set of Interrogatories, Data Request or Requests for Information directed to the District.

By Order dated April 30, 2008, the Commission referred this matter to the Division of Administrative Law Judges for further disposition, with a decision due date of on or before October 10, 2008.

On May 5, 2008, the District filed its Response to Commission Staff's First Set of Interrogatories, Data Requests or Request for Information.

On May 8, 2008, the District filed an affidavit of publication reflecting that, in compliance with the Commission's March 14, 2008 Order, the Notice of Filing was published on April 2, 2008, in The Journal, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Berkeley County, West Virginia. The District also filed an affidavit executed by its Executive Director verifying that it uses the post card method of billing and had included the appropriate notice of a proposed rate increase on its billings that were completed on April 16, 2008.

On May 22, 2008, the District filed a copy of Permit No. 17,989, issued by the State of West Virginia Office of Environmental Health Services on May 19, 2008, pertaining to a specified portion of its proposed water system improvement project.

On June 18, 2008, Mr. Robertson filed a Final Joint Staff Memorandum to which was attached a Final Internal Memorandum dated June 18, 2008, prepared by Mr. Nelson and Mr. Marakovits. Commission Staff recommended approval of the District's proposed water system improvement project and proposed financing with no rate increase.

By Procedural Order issued on June 24, 2008, this matter was set for hearing to be held on July 24, 2008, in Martinsburg. The District was also required to publish the Notice of Hearing attached to the Order once a week for two (2) consecutive weeks in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Berkeley

County, West Virginia, making due return to the Commission of a proper affidavit of publication on or before July 24, 2008.

The hearing convened as scheduled on July 24, 2008. Hoy G. Shingleton, Jr., Esquire, appeared on behalf of the District. Ronald Robertson, Jr., Esquire, appeared on behalf of Commission Staff. No members of the public were in attendance.

On July 30, 2008, the transcript of the July 24, 2008 hearing, consisting of eleven (11) pages and the Court Reporter's Certificate, was filed.

EVIDENCE

At the July 24, 2008 hearing, the District introduced as PSD Exhibit 1 an affidavit of publication reflecting that the Notice of Hearing had been published on July 25 and 22, 2008, in The Journal, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Berkeley County, West Virginia. (Tr., p. 7). Commission Staff introduced into evidence the Final Joint Staff Memorandum and attachment previously filed herein on June 19, 2008, which was marked as Staff Exhibit 1. Counsel for the District stated that the District was in agreement with Commission Staff's recommendations as set forth in Staff Exhibit 1. (Tr., pp. 8-10).

The District's proposed project will consist of and include the following:

(1) Auto Parts Place - installation of approximately 6,350 lineal feet of 24-inch water line, 30 lineal feet of 12-inch water line, 326 lineal feet of steel casing, one (1) fire hydrant, relocation of one (1) fire hydrant, all necessary valves and appurtenances and restoration;

(2) Berkeley Plaza - installation of approximately 13,400 lineal feet of 24-inch water line, 35 lineal feet of 12-inch water line, 193 lineal feet of steel casing, relocation of five (5) fire hydrants, all necessary valves and appurtenances and restoration; and

(3) Goldmiller Road - installation of approximately 5,950 lineal feet of 12-inch water line, 75 lineal feet of steel casing, two (2) fire hydrants, all necessary valves and appurtenances and restoration.

The proposed project is estimated to cost $9,300,000, including $7,243,000 in actual construction costs. The estimated project budget is as follows, to-wit:

CONSTRUCTION COSTS	
Auto Parts Road	$2,300,000
Berkeley Plaza	2,440,000
Goldmiller Road	639,000
Easements and Permits	104,000

Subtotal	$7,243,000
ENGINEERING	794,150
LEGAL, ADMINISTRATIVE & FINANCIAL	35,850
BOND COUNSEL	29,000
ACCOUNTING	20,000
INTEREST DURING CONSTRUCTION	298,100
DISCOUNTS, REGISTRAR, MOODYS	390,000
BOND INSURANCE	170,000
DEBT SERVICE RESERVE FUND	30,000
PROJECT CONTINGENCY (@ 2%)	289,900
TOTAL ESTIMATED PROJECT COST	$9,300,000

Commission Engineering Staff expressed its opinion that the estimated project costs appeared to be reasonable considering the amount of rock that is typically encountered during water main installation in a limestone region such as the Eastern Panhandle. The estimated project cost equates to about $492 per customer, based on the District's total customer account of approximately 18,900 customers. (Staff Exhibit 1).

The plans and specifications for the proposed project have been approved by the West Virginia Office of Environmental Health Services and that Office has issued Permit Nos. 17,910, 17,911 and 17,927 for construction. Additionally, Commission Engineering Staff's review of the proposed project plans and specifications did not reveal any conflict with the Commission's Rules and Regulations for the Government of Water Utilities (Water Rules) concerning engineering requirements. It was also noted that the District's operation and maintenance expenses are not expected to increase as a result of the proposed project since no new customers will be added as a result of the construction. (Staff Exhibit 1).

Based upon its knowledge of the project area and review of the information and data provided by the District's engineering consultants, Commission Staff was of the opinion that the need for the proposed project had been adequately established. According to Commission Engineering Staff, Berkeley County is the fastest growing county in West Virginia and this growth has resulted in identified water mains within the District's water distribution system which are restricting flow and reducing pressure. The Auto Parts Place and Berkeley Plaza segments of the proposed project will replace deteriorated and undersized pipes which the Goldmiller Road segment is the necessary first step in the incorporation of the District's recently purchased water wells at Springdale Farms Development into the Gerrardstown pressure zone. In 2009, the treatment system serving the Springdale Farms Development will be constructed and connected to the 12-inch water main in Goldmiller Road and will produce an additional 750 gallons per minute to be pumped into the District's existing water distribution system. (Staff Exhibit 1).

Commission Financial Staff reported that the District will finance the project under consideration in this proceeding through a bond issue underwritten by Ross, Sinclaire & Associates. The bonds, in an amount not to exceed $10,000,000, will accrue at an interest rate not to exceed 6.2% for a term of 30 years and will require that the District maintain a debt service coverage factor of 120%. The District initially proposed a 1.3% rate increase to cover the increased debt service and O&M expenses associated with the project. Pro forma adjustments in the District's

Rule 42 Exhibit reflected an $80,000 increase in O&M expenses [1] and a $581,250[2] decrease in debt service requirements. The proposed $10,000,000 bond issue will require annual payments of approximately $730,000. (Staff Exhibit 1).

Based upon its review of the documentation filed in this proceeding, Commission Financial Staff was of the opinion that a rate increase was not required to support the increased costs and debt service associated with the proposed project under consideration in this proceeding. Without any increase in revenues, the District will operate at a $2,931,042 cash flow surplus and a debt service coverage factor of 131.1%. (Staff Exhibit 1, Attachment 1).

DISCUSSION

Based upon a review of the District's application, as well as Staff's recommendations, it is clear that the proposed project is financially feasible and that the financing of the proposed project should be approved, since the project will not require a change in the District's existing rates.

FINDINGS OF FACT

1. On March 14, 2008, the Berkeley County Public Service District, dba Berkeley County Public Service Water District, filed an application for a certificate of convenience and necessity to construct improvements to its existing water distribution system in Berkeley County, West Virginia. The District proposed to install a 24-inch water main from Auto Parts Road to the Cumbo Yard storage tank, a 24-inch water main from Mid-Atlantic Parkway to the Duke Street storage tank and a 12-inch water main on Goldmiller Road from Mish Road to Gerrardstown Road. (See, application filed March 14, 2008).

2. The estimated cost of the project is $9,300,000, including $7,243,000 for construction. The proposed project will be financed by revenue bonds issued by the District and underwritten by Ross, Sinclaire & Associates. A Commitment letter has been filed by Ross, Sinclaire & Associates. Commission Staff reported that the District's current rates did not need to be increased to support the District's proposed project and the District is in agreement with that recommendation. (See, Staff Exhibit 1; Tr., p. 9).

3. The District gave notice of the filing of its certificate application in accordance with the Commission's requirements by publishing a copy the Notice of Filing on April 2, 2008, in The Journal, a newspaper, duly qualified by the Secretary of State, published and of

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[1]The $80,000 pro forma adjustment pertained to an upgrade in the District's Potomac River Water Treatment Facility which is not under consideration in this proceeding.

[2]The pro forma $581,250 adjustment is the result of bond issues from 1997 and 2003 being paid off.

general circulation in Berkeley County, West Virginia. (See, Affidavit of Publication filed on May 8, 2008).

4. One letter of protest was filed in response to the Notice of Filing of the certificate application. (See, letter of protest filed April 7, 2008).

5. The project's plans and specifications have been approved by the West Virginia Office of Environmental Health Services, which issued Permit Nos. 17,911, 17,190 and 17,989 for a specified portions of its proposed water system improvement project. (See, case file).

6. Commission Staff recommended that the District's certificate application be granted. Staff also recommended that the Commission approve the project financing consisting of a bond issue underwritten by Ross, Sinclaire & Association in an amount not to exceed $10,000,000 at an interest rate not to exceed 6.2% for 30 years. (See, Staff Exhibit 1).

7. At hearing, the District agreed with Staff's recommendations. (Tr., p. 9).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to the Berkeley County Public Service District, dba Berkeley County Public Service Water District, to construct improvements to its existing water distribution system, as described in the plans and specifications filed with the application.

2. It is reasonable to approve the project financing, consisting of a bond issue underwritten by Ross, Sinclaire & Association in an amount not to exceed $10,000,000 at an interest rate not to exceed 6.2% for 30 years.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed herein on March 14, 2008, by the Berkeley County Public Service District, dba Berkeley County Public Service Water District, to construct improvements to its existing water distribution system, all as more particularly described in the engineering plans and specifications filed with the application, be, and it hereby is, granted.

IT IS FURTHER ORDERED that the financing of the project certificated herein, consisting of a bond issue underwritten by Ross, Sinclaire & Association in an amount not to exceed $10,000,000 at an interest rate not to exceed 6.2% for 30 years, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Berkeley County Public Service District, dba Berkeley County Public Service Water District, file a copy of the engineer's certified tabulation of bids for the project within ten (10) days of the opening date.

IT IS FURTHER ORDERED that the Berkeley County Public Service District, dba Berkeley County Public Service Water District, submit a certificate of substantial completion for the project from its engineer as soon as it becomes available.

IT IS FURTHER ORDERED that, if there are any changes in the plans, financing or scope of the project or if a change in project cost affects rates, the Berkeley County Public Service District, dba Berkeley County Public Service Water District, obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are any changes in project costs that do not affect rates, the Berkeley County Public Service District, dba Berkeley County Public Service Water District, file herein an affidavit executed by its certified public accountant verifying that the District's rates and charges are not affected.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the Berkeley County Public Service District, dba Berkeley County Public Service Water District, comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

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

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

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

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

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

John P. Carter
Administrative Law Judge

JPC:mal
080362aa.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 13th day of January 2009.

CASE NO. 08-0362-PWD-CN (REOPENED)

BERKELEY COUNTY PUBLIC SERVICE DISTRICT, dba
BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT,
a public utility, Martinsburg, Berkeley County.

Application for a certificate of convenience and necessity to construct improvements to its existing water distribution system in Berkeley County, West Virginia.

CASE NO. 07-0923-PWD-CN (REOPENED)

BERKELEY COUNTY PUBLIC SERVICE DISTRICT, dba
BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT
a public utility, Martinsburg, Berkeley County.

Application for a certificate of convenience and necessity to construct improvements to its existing water treatment, storage and distribution systems and to locate new water sources in Berkeley County, and for approval of funding related thereto.

COMMISSION ORDER

the Commission approves a proposal for revised financing.

Background

Case No. 07-0923--PWD-CN

By Recommended Decision issued October 12, 2007, as corrected on October 15, 2007, and final as of November 1, 2007, the Commission 1) granted a certificate application of Berkeley County Public Service District, dba Berkeley County Public Service Water District ("District"), for a certificate of convenience and necessity to construct various upgrades and improvements to its existing water treatment and distribution facilities, 2) approved financing for the certificate project, consisting of the issuance of revenue bonds in an amount not to exceed $15,000,000, at an interest rate of 6.25 percent, for a term of

thirty years, 3) approved project-related rates upon substantial completion, and 4) approved the use of project funds to reimburse developers for upsizing water mains pursuant to alternate main extension agreements previously approved by the Commission.

Case No. 08-0362-PWD-CN

By Recommended Decision issued September 24, 2008, and final as of October 14, 2008, the Commission 1) granted an application for a certificate of convenience and necessity filed by the District to improve its existing water distribution system, and 2) approved financing for the project, consisting of a bond issue underwritten by Ross, Sinclaire & Associates in an amount not to exceed $10,000,000 at an interest rate not to exceed 6.2 percent for thirty years.

Petition to reopen

On November 17, 2008, the District filed a request to apply $2,000,000 in contingency funds remaining from its bond issue approved in Case No. 07–0923-PWD-CN towards construction costs in Case No. 08-0362-PWD-CN and thereby reduce the borrowing needed to fund the construction authorized in the 2008 case.

On December 18, 2008, Commission Staff ("Staff") filed a Memorandum recommending that the Commission reopen both cases and grant the request. Staff advised that applying the $2,000,000 remaining from the 2007 bond issue to construction costs relating to the 2008 certificate case would have no rate impact. Staff stated that the revised financing proposal is financially reasonable and in the best interest of the customers of the District.

DISCUSSION

Upon review of the petition to reopen and the Staff recommendation, the Commission agrees that allowing the District to apply $2,000,000 in contingency funds remaining from its bond issue approved in Case No. 07–0923-PWD-CN towards construction costs in Case No. 08-0362-PWD-CN will reduce its borrowing needs for the 2008 case and is in the public interest.

FINDINGS OF FACT

1. The District seeks authority to apply $2,000,000 in contingency funds remaining from its bond issue approved in Case No. 07–0923-PWD-CN towards construction costs in Case No. 08-0362-PWD-CN.

2. Approval of the District's request will have no rate impact on customers. See, December 18, 2008 Staff Memorandum.

CONCLUSION OF LAW

It is in the public interest to allow the District to apply $2,000,000 in contingency funds remaining from its bond issue approved in Case No. 07-0923-PWD-CN towards construction costs in Case No. 08-0362-PWD-CN, and thereby reduce the borrowing required to fund the construction authorized in the 2008 case.

ORDER

IT IS THEREFORE ORDERED that the Berkeley County Public Service District's petition to reopen these cases is hereby granted.

IT IS FURTHER ORDERED that the District's request to apply $2,000,000 in contingency funds remaining from its bond issue approved in Case No. 07–0923-PWD-CN towards construction costs in Case No. 08-0362-PWD-CN, is granted.

IT IS FURTHER ORDERED that, except for the revised financing approved in this Order, the October 14, 2008 final order issued in Case No. 08-0362-PWD-CN remains in full force and effect.

IT IS FURTHER ORDERED that upon entry hereof these cases shall be removed from the Commission's open docket.

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

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

JML/klm
080362ca.wpd

December 9, 1954

IN VACATION BY COURT

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

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

Teste: Harold O. Keedy CLERK

December 10, 1954

Court Met Pursuant to Adjournment.

Present: O. C. Noll, Pres.,
Ernest C. Alther, Comm.,
William P. Reid, Comm.

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

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

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

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

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

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

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

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

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

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

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

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

A TRUE COPY
ATTEST

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

For a period of two years Stanley A. Caniford

For a period of four years D. M. Wageley

For a period of six years Gail W. Updike

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

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

D. C. Noll
President and County Commissioner

E. C. Althor
County Commissioner

W. F. Reid
County Commissioner

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

D. C. Noll PRES.

December 11, 1954

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

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

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

Teste: Harold O. Keedy CLERK

December 14, 1954

Court Met Pursuant to Adjournment.

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

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

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

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

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

This day personally appeared in Open Court, Jas. S. Dailey, who had heretofore been commissioned a notary public in and for Berkeley County, and qualified as such notary by taking the oath required by law and executing bond conditioned according to law in the penalty of $500.00, with Frances H. Dailey, as his surety.

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

D. C. Noll PRES.

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

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

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

William F. Reid PRES.

January 17, 1956

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,
Ernest C. Althar, Comm.,
O. C. Noll, Comm.

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

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

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

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

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

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

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

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

William F. Reid PRES.

January 20th, 1956

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,
Ernest C. Althar, Comm.,
O. C. Noll, Comm.

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

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

CERTIFICATE

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

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

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

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

A TRUE COPY
ATTEST
John W. Small Jr Clerk

to said Clerk a true copy of the foregoing resolution.

Certified, a true copy

A. Lewis Lewis
Secretary, Berkeley County
Public Service Board

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

William F. Reid PRES.

January 23rd, 1956

IN VACATION OF COURT

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

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

Teste: Harold O. Hardy CLERK

January 24th, 1956

Court Met Pursuant to Adjournment

Present: William F. Reid, Pres.,
Ernest C. Althar, Comm.,
C. C. Noll, Comm.

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

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

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

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

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

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

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

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

William F. Reid PRES.

January 25th, 1956

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,
Ernest C. Althar, Comm.,
C. C. Noll, Comm.

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

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

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

Teste: Harold O. Hardy CLERK

January 24th, 1956

Court Met Pursuant to Adjournment

Present: William F. Reid, Pres.,
Ernest C. Althor, Commr.,
D. C. Noll, Commr.

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

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

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

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

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

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

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

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

William F. Reid PRES.

January 25th, 1956

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,
Ernest C. Althor, Commr.,
D. C. Noll, Commr.

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

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

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

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

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

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

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

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

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

PRES.

January 20th, 1956

Court Met Pursuant to Adjournment.

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

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

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

CERTIFICATE

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

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

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

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

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

Said bond is hereby approved.

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

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

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

_____ PRES.

July 10th, 1956

Court Met Pursuant to Adjournment.

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

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

IN RE: BOARD OF REVIEW AND EQUALIZATION.

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

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

IN THE

COUNTY COURT

OF

BERKELEY COUNTY, WEST VIRGINIA

IN THE MATTER OF
BERKELEY COUNTY PUBLIC SERVICE DISTRICT

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

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

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

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

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

William F. Reid

President County Court of Berkeley County, W. Va.

Teste:
Harold O. Keedy
Clerk

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

William F. Reid PRES.

July 13th, 1956

Court Met Pursuant to Adjournment.

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

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

IN RE: BOARD OF REVIEW AND EQUALIZATION.

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

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

William F. Reid PRES.

July 14th, 1956

IN VACATION OF COURT.

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

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

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

Harold O. Keedy CLERK

Teste:

July 17th, 1956

Court Met Pursuant to Adjournment.

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

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

IN RE: BOARD OF REVIEW AND EQUALIZATION.

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

IN RE: DELINQUENT REAL ESTATE FOR 1955.

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

BEFORE THE COUNTY COMMISSION OF BERKELEY COUNTY
WEST VIRGINIA

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

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

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

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

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

Done this 15th day of June, 2000.

D. Wayne Dunham, President

Robert L. Burkhart, Commissioner

John E. Wright, Commissioner

ATTEST:

John W. Small, Clerk
County Commission of
Berkeley County

(SEAL)

MALMAL00469x19

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 28th day of December, 2000.

CASE NO. 00-0893-PWD-PC

BERKELEY COUNTY COMMISSION
Petition for consent and approval to merge[1] Berkeley County Public Service District, Hedgesville Public Service District and Opequon Public Service District.

COMMISSION ORDER

By order entered June 1, 2000, the County Commission of Berkeley County, West Virginia, decided to merge Hedgesville Public Service District (Hedgesville) and Opequon Public Service District (Opequon) into the Berkeley County Public Service District, effective January 1, 2001, for the provision of water service. Petition p. 1. On June 5, 2000, the Berkeley County Commission petitioned the Public Service Commission for its approval of the merger, as required by W. Va. Code § 16-13A-2. Id.

The Commission conducted a public hearing, as required by the statute, in Martinsburg on November 2, 2000, at which there was unanimous support for the merger. As is set forth more fully below, the Commission grants its consent to the merger of Hedgesville and Opequon Public Service Districts into Berkeley County Public Service District for the provision of water service.

Berkeley County already has a county-wide utility for the provision of sewer service, known as the Berkeley County Public Service Sewer District. To avoid confusion, and to be consistent, the Commission determines that the merged water utility shall be known as the Berkeley County Public Service Water District.

[1] At the November 2nd public hearing, the Commission granted Berkeley County Public Service District's motion to change the case caption to reflect that the Hedgesville and Opequon districts are being merged into the Berkeley County Public Service District. The three utilities are not being consolidated into a new entity.

BACKGROUND

In filing for the Commission's approval, the Berkeley County Commission gave the following reasons:

> . . . merger of the three districts will be conducive to the preservation of the public health, comfort and convenience, . . . will permit a more efficient and effective method of planning for and implementing the provision of water service to the public; will result in a greater ability to compete for the resources necessary to the implementation of water service to the public; will permit greater efficiencies and cost effective service to the citizens of Berkeley County; and, will ultimately result in a fairer rate structure for the people of this county.

Berkeley Co. Comm'n Order p. 1 (filed June 5, 2000). The County Commission ordered that the merger be effective on January 1, 2001, and that all details of the new entity be in place by June 30, 2001. Id. The boards of the three districts would continue to operate until a new, single board is appointed. Id. p. 2. The County Commission would direct and manage the merger through a series of orders until the merger was fully realized and operational. Id.

On July 17, 2000, Commission Staff recommended that the merger be approved, subject to several conditions. Initial & Final Joint Staff Memorandum p. 1. Technical Staff recommended that the cash assets of the three districts, other than restricted bond reserve, be placed in an interest bearing account for repairs, replacements and extensions for each of the respective districts. Initial & Final Internal Memo p. 2, attached to Initial & Final Joint Staff Memorandum. Further, Technical Staff recommended that the merged utility adopt the separate tariffs of the three districts and continue to charge customers pursuant to the separate tariffs. Id. The merged utility should be required to maintain a separate financial and statistical account of the operation of each of the three districts, Staff said. Id. After all financial obligations of the three districts are met, any surplus cash should be deposited into the restricted cash account previously recommended. Id. And, Technical Staff recommended that the merged district file a rate case after eighteen months of consolidated operations so that a rate structure for the merged operations could be determined. Id.

In addition, Staff recommended that the Berkeley County Commission's June 1, 2000, order be modified in two respects. Initial & Final Joint Staff Memorandum p. 1. First, "water" should be part of the merged district's name: The County Commission order simply merged Opequon and Hedgesville into Berkeley County Public Service District without changing the name. Id. Second, the merged district's area should be described to "include all of the area of Berkeley County, West Virginia, which is not currently contained within the boundaries of any municipal or private public utility, for the provision of water service,"

instead of "to the people of Berkeley County." Id.

On August 30, 2000, Staff advised all details should be in place before there is an effective date for the merger, which is opposite what the County Commission proposed. Further Final Internal Memorandum p. 1, attached to Further Joint Staff Memorandum. Thus, Staff recommended that the County Commission's order be further revised to reflect a July 1, 2001, effective date, with January 1, 2001, being the date for all details to be in place. Id. Staff noted that an effective date of January 1, 2001, would occur in the middle of the districts' fiscal years, which would result in additional accounting expenses. Id. The effective date of the merger should coincide with the end of the fiscal year, Technical Staff said. Id.

On November 1, 2000, Staff updated the Commission on its assistance efforts regarding the merger. Internal Joint Staff Memorandum p. 1, attached to Further Joint Staff Memorandum. Staff advised that it had requested extensive financial information from each district, and much of that information had been received. Id. Staff estimated that its final report to the County Commission would likely be submitted by January 31, 2001. Id.

Further, Staff reversed its recommendation regarding the merger's effective date. Id. Staff recommended that the effective date be January 1, 2001, with the three districts remaining operationally separate until July 1, 2001. Id. This would create a six-month transition period. Id.

On December 5, 2000, Berkeley County Public Service District filed a letter from bond counsel relating to bond requirements in connection with the merger. Ltr. p. 1 & attachment. The letter also recited, "The BCPSD [Berkeley County Public Service District] clearly supports this merger." Id. p. 2.

Also on December 5, 2000, Commission Staff moved the Commission to accept a post-hearing exhibit, a copy of Berkeley County Public Service District's 1994 Series Bond Resolution. Motion p. 1. After reviewing that document, Staff said that no bond holder approval was required for the proposed merger. Id.

On December 11, 2000, the County Commission advised that it had amended its order on November 30, 2000.[2] Ltr. p. 1 & attached memo. The County Commission changed the effective date of the merger to July 1, from January 1, as well as inserted the phrase "or as

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[2] The County Commission's letter recited that twelve (12) copies of the amended order were attached, but the amended order was NOT filed with the Commission at that time. The Commission received a copy of the amended order by facsimile on December 26, 2000.

soon thereafter as possible."

DISCUSSION

The Commission grants Staff's motion to file the post-hearing exhibit. The exhibit shall be considered with the letter filed by Berkeley County Public Service District relating to bond holder requirements.

This case arises pursuant to W. Va. Code § 16-13A-2, which provides in pertinent part as follows:

> (f) . . . [W]ithin ten days after the entry of an order . . . merging . . . a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interest of the public to do so.

The Commission concludes that it is in the best interest of the public to merge Hedgesville and Opequon into the Berkeley County Public Service District consistent with the Berkeley County Commission's order. These districts serve an area of burgeoning growth and the customers will benefit from a merger of personnel and customer base. Eventually, a single rate structure in the county may provide economies of scale and assist in economic development.

The Commission modifies the County Commission's order to provide that the resulting merged district shall be known as the Berkeley County Public Service Water District. The merged district shall include all of Berkeley County which is not currently contained within the boundaries of any municipal or private water utility. The Commission will permit the merged utility to continue the separate tariffs of the three districts and to charge customers pursuant to those tariffs. Those rates shall remain in effect until further Commission proceeding and order.

The Commission finds that it is in the public interest for this merger to be concluded as soon as possible. Therefore, the Commission directs that the merger be completed and effective on or before July 1, 2001. Staff, the district and the County Commission shall continue to work out all remaining details and shall file joint progress reports with the Executive Secretary's office.

The Commission also requires an opinion from AMBAC, the insurer of Berkeley County Public Service District's publicly held bonds, as to any requirements needed for the merger.

The Commission reviewed the bond document and finds no provision requiring bondholder approval for the merger of two existing districts into Berkeley County Public Service District. The bond document refers to the sale of the system, providing, in relevant part, "the System may be sold, mortgaged, leased or otherwise disposed of only as a whole[.]" See Bond Resolution for Berkeley County Public Service District Water Revenue Bonds, Series 1994, Section 6.06, p. 36. This merger is not a sale or other disposition of the system as contemplated by the bond document. Obviously, the bond document is to preserve the underlying assets of the system for the protection of the bondholders. This merger leaves Berkeley County Public Service District as the surviving entity and does not change any rates, so the current sufficient bond coverage of each of the districts remains unaffected. See Transcript p. 32 (Nov. 2 hearing) (Wagner).

This case shall be removed from the Commission's docket of active cases. The filing of the monthly progress reports shall not trigger a reopening of this case.

FINDINGS OF FACT

1. By order entered June 1, 2000, the Berkeley County Commission decided to merge Hedgesville and Opequon Public Service Districts into the Berkeley County Public Service District for the provision of water service. Petition p. 1.

2. On June 5, 2000, the County Commission petitioned the Public Service Commission for its approval of the merger, as required by W. Va. Code § 16-13A-2. Id.

3. The Commission conducted a public hearing in Martinsburg on November 2, 2000, at which there was unanimous support for the merger.

4. Berkeley County already has a county-wide utility for the provision of sewer service, known as the Berkeley County Public Service Sewer District.

5. The merger of the three districts will be conducive to the preservation of the public health, comfort and convenience; will permit a more efficient and effective method of planning for and implementing the provision of water service to the public; will result in a greater ability to compete for the resources necessary for the implementation of water service to the public; will permit greater efficiencies and cost effective service to Berkeley County citizens; and, will ultimately result in a fairer rate structure for Berkeley County citizens.

6. On July 17, 2000, Commission Staff recommended that the merger be approved, subject to several conditions. Initial & Final Joint Staff Memorandum p. 1. In addition, Staff recommended that the Berkeley County Commission's June 1, 2000, order

be modified in a couple of respects. Initial & Final Joint Staff Memorandum p. 1.

7. On August 30, 2000, Staff recommended that the County Commission's order be further revised to reflect a July 1, 2001, effective date, because an effective date of January 1, 2001, would occur in the middle of the districts' fiscal years, which would result in additional accounting expenses. Further Final Internal Memorandum p. 1, attached to Further Joint Staff Memorandum.

8. On November 1, 2000, Staff updated the Commission on its assistance efforts regarding the merger. Internal Joint Staff Memorandum p. 1, attached to Further Joint Staff Memorandum.

9. On December 5, 2000, Berkeley County Public Service District filed a letter from bond counsel relating to bond requirements in connection with the merger. Ltr. p. 1 & attachment. The letter also recited, "The BCPSD [Berkeley County Public Service District] clearly supports this merger." Id. p. 2.

10. Also on December 5, 2000, Commission Staff moved the Commission to accept a post-hearing exhibit, a copy of Berkeley County Public Service District's 1994 Series Bond Resolution. Motion p. 1. After reviewing that document, Staff said that no bond holder approval was required for the proposed merger. Id.

11. On December 11, 2000, the County Commission advised that it had amended its order on November 30, 2000, to change the effective date of the merger to July 1, from January 1, and to insert the phrase "or as soon thereafter as possible." Ltr p. 1 & attached memo.

CONCLUSIONS OF LAW

1. Staff's motion to file the post-hearing exhibit should be granted.

2. Berkeley County already has a county-wide utility for the provision of sewer service, known as the Berkeley County Public Service Sewer District. To avoid confusion, and to be consistent in naming, "water" should be added to the name of the Berkeley County Public Service District. Thus, the merged water utility shall be known as the Berkeley County Public Service Water District.

3. Pursuant to W. Va. Code § 16-13A-2(f), the Commission concludes that it is in the best interest of the public to merge these districts, as the Berkeley County Commission has requested. These districts serve an area of burgeoning growth. It makes sense to merge the utility personnel and customer base to achieve economies of scale.

4. The Commission agrees with Staff that the authority of the merged district shall include all of Berkeley County which is not currently contained within the boundaries of any municipal or private water utility.

5. The Commission will permit the merged utility to continue the separate tariffs of the three districts and to charge customers pursuant to those tariffs. Said rates will remain in effect until further Commission proceeding and order.

6. It is in the public interest for this merger to be concluded as soon as possible. Therefore, the Commission directs that the merger be completed and effective on or before July 1, 2001. Staff, the district and the County Commission shall continue to work out all remaining details and shall file joint progress reports with the Executive Secretary's office.

7. The Commission shall require that an opinion be obtained from AMBAC, the insurer of Berkeley County Public Service District's publicly held bonds.

8. The Commission finds after a review of the bond document that bondholder approval is not required on the Berkeley County bonds because the record indicates that the rates of the three districts are sufficient to provide bond coverage; the merger of the three districts will not change rates; and no utility assets will be sold as a result of this transaction. See Transcript p. 32 (Nov. 2 hearing) (Wagner).

ORDER

IT IS THEREFORE ORDERED that Berkeley County's action to merge Opequon and Hedgesville Public Service Districts into the Berkeley County Public Service District for the provision of water service is approved as modified herein. The Commission's approval will permit the merged utility to continue the separate tariffs of the three districts and to charge customers pursuant to those tariffs. Said rates shall remain in effect until further Commission proceeding and order.

IT IS FURTHER ORDERED that the merger be completed and effective on or before July 1, 2001.

IT IS FURTHER ORDERED that the merged district shall be known as the Berkeley County Public Service Water District.

IT IS FURTHER ORDERED that Staff, the district and the County Commission shall continue to work out all remaining details and shall file joint progress reports with the Executive Secretary's office.

IT IS FURTHER ORDERED that an opinion be obtained from AMBAC, the insurer of Berkeley County Public Service District's publicly held bonds.

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

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

A True Copy, Teste:

Sandra Squire
Executive Secretary

ARC
CLW/lfg
000893oa.wpd

RECEIVED
JAN 2 2001
By

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 26th day of April, 2001.

CASE NO. 00-0893-PWD-PC

BERKELEY COUNTY COMMISSION
Petition for consent and approval to merge Berkeley County Public Service District, Hedgesville Public Service District and Opequon Public Service District

COMMISSION ORDER

The Public Service Commission (PSC) has approved the Berkeley County Commission's plan to merge Hedgesville and Opequon Public Service Districts into Berkeley County Public Service District for the provision of water service. The surviving entity will be known as the Berkeley County Public Service Water District.

The Berkeley County Public Service District petitioned the PSC to reconsider part of its decision. This order clarifies that the PSC's approval of the merger is one step of the process.

BACKGROUND

On December 28, 2000, pursuant to W. Va. Code § 16-13A-2(f), the PSC approved an order adopted by the Berkeley County Commission to merge the public service districts that provide water utility service in Berkeley County. The PSC concluded that it was in the public interest for this merger to be concluded as soon as possible and directed that the merger be completed and effective on or before July 1, 2001. Comm'n Order p. 4. To monitor progress, the PSC required joint progress reports to be filed. Id. Further, the PSC required that an opinion be obtained from AMBAC, the insurer of the Berkeley Co. PSD's publicly held bonds, even though the PSC concluded, based upon its review of the bond document, that bondholder approval was not required on the Berkeley County bonds. Id. PSC Staff was directed to continue assisting in the merger tasks. Id.

On February 5, 2001, the Berkeley Co. PSD moved the PSC to reconsider its order, stating that the PSC had not sufficiently allowed time for the bondholders' consent to the merger plan to be obtained. Berkeley Co. PSD's Motion to Reconsider pp. 1-5. The PSC's

order would permit the merger to occur, regardless of whether bondholder consent had been obtained, the Berkeley Co. PSD argued. Id. p. 5. Further, without bondholder consent, the merged entity would be defectively formed, the result of which could be to cloud the utility's ability to enter into contracts or obtain loans or grants. Id.

"These consequences can be easily avoided by simply obtaining the requisite consents," the Berkeley Co. PSD said. Id. "None of the stated requirements for consent are unduly burdensome, and there is no reason to believe any of them cannot be satisfied. These consents should easily be obtainable before July 1, 2001, if work is started soon." Id. pp. 5-6.

On February 23, 2001,[1] the Berkeley County Commission objected to the Berkeley Co. PSD's motion. Objection to Motion for Reconsideration pp. 1-2. The Berkeley Co. PSD's motion ignores the Berkeley County Commission's November 30, 2000, order, which accommodates the need of all bondholders, the County Commission argued. Id. p. 1. The Berkeley County Commission has repeatedly assured all parties that it will not effectuate the merger until the appropriate consents have been received. Id. (emphasis in original). An amendment to the PSC's approval is unnecessary. Id. "If, for any reason, such consents are not in place by July 1, 2001, the County Commission will not make the merger effective until such consents are received, assuming consent is not unreasonably withheld." Id. p. 2.

On March 6, 2001, the Berkeley Co. PSD responded, arguing that the County Commission's November 30, 2000, order was not sufficient assurance for the bondholders. Berkeley Co. PSD's Response pp. 1-3. That order only stated that the merger would be effective on July 1, 2001, or as soon thereafter as possible. Id. p. 1. The order did not recognize and condition the merger upon bondholder consent. Id. The Berkeley County Commission's assurance needs to be reduced to writing, the Berkeley Co. PSD argued. Id. Further, the County Commission has conditioned its position upon bondholder consent not being unreasonably withheld. Id. p. 2. The Berkeley County Commission will, in its sole opinion, determine whether bondholder consent is being unreasonably withheld, and this creates a serious impediment and threat. Id. The Berkeley Co. PSD is not trying to delay the merger. Id. p. 2. "The Berkeley County Public Service District supports the proposed merger and is working diligently with the BCC, the Hedgesville Public Service District, and the Opequon Public Service District to identify the requirements for consent of the bondholders and supply them with the information necessary to grant their consent." Id.

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[1] The County Commission's objection was received by the PSC's Legal Staff on February 23, 2001. When it was determined that the objection was not contained in the case file maintained by the PSC's Executive Secretary, the PSC's Legal Staff, as a courtesy, provided a copy for the Executive Secretary's file on April 5, 2001.

DISCUSSION

The merger of public service districts can be complicated, and the PSC's order reflects this. The process starts with the deliberations of the local county commission. When a county commission has concluded that its public service districts should be merged, the county commission must file its order with the PSC, for the PSC's review. If the PSC agrees that the public service districts should be merged, the county commission is authorized to take the necessary steps to effectuate the merger.

Bonds may add another layer to this process. Many public service districts have issued bonds, and, a common provision in a bond agreement is that bondholder approval is required before significant changes may be made to the utility's structure or operations. In this particular case, the PSC has reviewed the bond agreement of the Berkeley Co. PSD and concluded that bondholder approval is not needed because no sale of the Berkeley Co. PSD system will occur. Comm'n Order p. 5. Further, PSC Staff's analysis shows that the rates of the three districts are sufficient to provide bond coverage, and the merger of the three districts will not change rates. Id., citing Transcript p. 32 (Nov. 2 hearing) (Wagner). However, the PSC recognized in its order that a difference of opinion may exist as to the necessity of bondholder approval. Therefore, the PSC required that the bondholder's opinion be obtained. Id.

It seems that the Berkeley Co. PSD is concerned that the PSC's order may permit the merger to take effect, prior to bondholder approval being obtained, if that approval is necessary. The PSC's order does not do this. Given the complicated nature of this proceeding, the PSC shall clarify its order. The PSC's approval of the merger is only one step of the process.

The PSC's order requires that bondholder approval, if it is needed, be obtained as quickly as possible. The Berkeley Co. PSD advises that it is reasonable to expect that bondholder approval could be obtained by July 1, 2001, the target date set in the PSC's order, and we agree. The PSC set July 1, 2001, as the target date because this proposed merger is in the public interest. The public's interest is not served by unnecessary delay. The PSC expects all parties to work diligently to obtain bondholder approval prior to July 1, if such approval is necessary. If unexpected problems crop up, the Commission should be promptly advised.

Pursuant to W. Va. Code § 16-13A-2(f)[2], the PSC can modify a county commission

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[2] W. Va. Code § 16-13A-2 provides in pertinent part as follows:

order. By placing a target date on the merger, the PSC has effectively modified the Berkeley County Commission order, which is what the Berkeley Co. PSD asks to be done in these reconsideration pleadings.

Although the Berkeley Co. PSD seems not reassured, the PSC is confident that the assertion made in the Berkeley County Commission's pleading, that it would not effectuate the merger until necessary bondholder approvals were obtained, may be relied upon. Therefore, the PSC encourages energies to be focused on obtaining the bondholder approvals, if they are required, and other necessary tasks, instead of on perfecting the written form of the County Commission's position. The PSC Staff shall continue to assist in working out the remaining details for this merger.

FINDINGS OF FACT

1. On December 28, 2000, pursuant to W. Va. Code § 16-13A-2(f), the PSC concluded that it was in the public interest for the proposed merger to be concluded as soon as possible and directed that the merger be completed and effective on or before July 1, 2001. Comm'n Order p. 4.

2. The PSC also required that an opinion be obtained from AMBAC, the insurer of the Berkeley Co. PSD's publicly held bonds, even though the PSC concluded, based upon its review of the bond document, that bondholder approval was not required on the Berkeley Co. PSD bonds. Id.

3. On February 5, 2001, the Berkeley Co. PSD moved the PSC to reconsider its order, stating that the PSC had not sufficiently allowed time for the bondholders' consent to the merger plan to be obtained prior to the merger being effectuated. Berkeley Co. PSD's Motion to Reconsider pp. 1-5.

4. On February 23, 2001, the Berkeley County Commission objected to the Berkeley Co. PSD's motion, stating that it had repeatedly assured all parties that it would not effectuate the merger until the appropriate consents have been received. Objection to Motion for Reconsideration pp. 1-2 (emphasis in original).

(f) . . . [W]ithin ten days after the entry of an order . . . consolidating a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interest of the public to do so.

5. On March 6, 2001, the Berkeley Co. PSD responded, arguing that the County Commission's November 30, 2000, order was not sufficient assurance for the bondholders. Berkeley Co. PSD's Response pp. 1-3.

CONCLUSIONS OF LAW

1. Given the complicated nature of this proceeding, the PSC should clarify its order. The PSC's approval of the merger is only one step of the process.

2. The PSC set July 1, 2001, as the target date because this proposed merger is in the public interest. The public's interest is not served by unnecessary delay.

3. All parties should work diligently to obtain bondholder approval prior to July 1, if such approval is necessary. If unexpected problems crop up, the Commission should be promptly advised.

ORDER

IT IS THEREFORE ORDERED that the Commission's December 28, 2000, order is clarified, as set forth above.

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

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

CLWisck
000893ch.wpd

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

BEFORE THE COUNTY COMMISSION OF BERKELEY COUNTY

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

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

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

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

WHEREAS, the County Commission adopted a resolution on June 1, 2000, ordering the merger of Hedgesville and Opequon into Berkeley and dissolution of Hedgesville and Opequon, subject to the approval of the Public Service Commission of West Virginia;

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

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

WHEREAS, the West Virginia Development Authority, as the holder of the Series 1993 A, Series 1993 B and Series 1996 Bonds heretofore issued by Hedgesville and the Series 1993 and Series 1997 Bonds heretofore issued by Opequon, has consented to the

merger of Hedgesville and Opequon into Berkeley, the assumption of such bonds of Hedgesville and Opequon by Berkeley and the dissolution of Hedgesville and Opequon;

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

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

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

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

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

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

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

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

President

Commissioner

Commissioner

ATTEST:

Clerk

06/25/01
067740.99004

CR453477.3

County Commission of Berkeley County

400 WEST STEPHEN STREET, SUITE 201
MARTINSBURG, WEST VIRGINIA 25401
PHONE (304) 264-1923

www.berkeleycountycomm.org

THE COMMISSION

STEVEN C. TEUFEL, COMMISSIONER
RONALD K. COLLINS, COMMISSIONER
WILLIAM L. STUBBLEFIELD, COMMISSIONER

DEBORAH HAMMOND
COUNTY ADMINISTRATOR

SHERRY A. CAIN
ADMINISTRATIVE SECRETARY

RECEIVED
JUN 05 2007
BCPSWD

May 31, 2007

Gregory S. Rhoe
P.O. Box 99
Hedgesville, WV 25427

Dear Mr. Rhoe:

The Berkeley County Commission, at its meeting on May 31, 2007 re-appointed you to serve as a member on the Berkeley County Public Service Water District effective July 1, 2007. Your term will expire on June 30, 2013.

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.

Sincerely,

Deborah E. Hammond
County Administrator

Doc: rhoe2/ps

Cc: John W. Small, Jr., County Clerk
Paul Fisher

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 257
BUNKER HILL, WEST VIRGINIA 25413

www.berkeleycountycomm.org

DEBORAH HAMMOND
COUNTY ADMINISTRATOR

SHERRY A. CAIN
ADMINISTRATIVE SECRETARY

RECEIVED
MAY 2 1 2003
BERKELEY COUNTY PSD

May 15, 2003

Bruce Dorsey
507 Warm Springs Avenue
Martinsburg, WV 25401

Dear Mr. Dorsey:

The Berkeley County Commission, at its meeting on May 15, 2003 re-appointed you to serve as a member on the Berkeley County Public Service 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: dorsey/ps

Cc: John W. Small, Jr., County Clerk 264-1927
William Stubblefield
Paul Fisher

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

RECEIVED
MAY
BERKELEY COUNTY PSD

May 15, 2003

Wayne Dunham
2821 Butler's Chapel Road
Martinsburg, WV 25401

Dear Mr. Dunham:

The Berkeley County Commission, at its meeting on May 15, 2003 re-appointed you to serve as a member on the Berkeley County Public Service 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: dunham/ps

Cc: John W. Small, Jr., County Clerk
William Stubblefield
Paul Fisher

County Commission of Berkeley County

400 WEST STEPHEN STREET, SUITE 201
MARTINSBURG, WEST VIRGINIA 25401
PHONE (304) 264-1923

www.berkeleycountycomm.org

THE COMMISSION

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

DEBORAH HAMMOND
COUNTY ADMINISTRATOR

SHERRY A. CAIN
ADMINISTRATIVE SECRETARY

RECEIVED
2005
BERKELEY COUNTY PSD

RECEIVED
JUN 30 2005
BERKELEY COUNTY PUBLIC
SERVICE WATER DISTRICT

June 9, 2005

Howard Collins
5896 Winchester Avenue
Inwood, WV 25428

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 Water District Board effective July 1, 2005. Your new term will expire on June 30, 2011.

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

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

Best regards,

Deborah E. Hammond
County Administrator

Doc: collins h/ps

Cc: John W. Small, Jr., County Clerk
Charlotte Hollandsworth
William Stubblefield
Paul Fisher

County Commission of Berkeley County

400 WEST STEPHEN STREET, SUITE 201
MARTINSBURG, WEST VIRGINIA 25401
PHONE (304) 264-1923

www.berkeleycountycomm.org

THE COMMISSION

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

DEBORAH HAMMOND
COUNTY ADMINISTRATOR

SHERRY A. CAIN
ADMINISTRATIVE SECRETARY

RECEIVED

DEC 18 2006

BCPSWD

December 14, 2006

Ruby S. Kern
113 Tudor Drive
Inwood, WV 25428

Dear Ms. Kern:

The Berkeley County Commission, at its meeting on December 14, 2006 appointed you to serve as a member on the Berkeley County Public Service Water District effective January 1, 2007. Your term will expire on June 30, 2011.

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

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

Best regards,

Deborah E. Hammond
County Administrator

Doc: kern/ps

Cc: John W. Small, Jr., County Clerk
Paul Fisher

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 GREGORY S. RHOE who has been duly RE-APPOINTED to the office of MEMBER - BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT and took and subscribed the following:

I, GREGORY S. RHOE do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, GREGORY S. RHOE do solemnly swear that I will faithfully discharge the duties of the office of MEMBER - BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT to the best of my skill and judgment. So help me God.

Given under my hand this 15th day of JUNE, 20 07

John W. Small

Clerk of the County Court of Berkeley County.

State of West Virginia,

Before me, JOHN W. SMALL, JR. Clerk of the Court of the County and State aforesaid,

personally appeared BRUCE DORSEY who

has been duly REAPPOINTED to the office of

MEMBER OF THE BERKELEY COUNTY PUBLIC SERVICE DISTRICT

and took and subscribed the following:

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

I, BRUCE DORSEY do solemnly swear that I will faithfully discharge the duties of the office of

MEMBER OF THE BERKELEY COUNTY PUBLIC SERVICE DISTRICT

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

TERM EXPIRES JUNE 30, 2009

(Bruce Dorsey)

Given under my hand this 29TH day of MAY , 2003

John W. Small

Clerk of the County Court of Berkeley County

State of West Virginia,

Berkeley County, Sct.: 47293

Before me, JOHN W. SMALL, JR. Clerk of the Court of the County and State aforesaid, personally appeared RUBY S. KERN who has been duly APPOINTED to the office of MEMBER - BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT and took and subscribed the following:

I, RUBY S. KERN do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, RUBY S. KERN do solemnly swear that I will faithfully discharge the duties of the office of MEMBER - BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT to the best of my skill and judgment. So help me God.

Ruby S. Kern

Given under my hand this 28 day of DECEMBER, 20 06

John W. Small

Clerk of the County Court of Berkeley County.

State of West Virginia,

Berkeley County, Sct.:

Before me, JOHN W. SMALL, JR. Clerk of the Court of the County and State aforesaid, personally appeared HOWARD COLLINS who has been duly REAPPOINTED to the office of MEMBER OF THE BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT BOARD and took and subscribed the following:

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

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

TERM EXPIRES JUNE 30, 2009

Howard W. Collins

Given under my hand this 21st day of June, 20 05.

Clerk of the County Court of Berkeley County.

State of West Virginia,

Berkeley County, Sct.:

Before me, JOHN W. SMALL, JR. Clerk of the Court of the County and State aforesaid,

personally appeared WAYNE DUNHAM who

has been duly REAPPOINTED to the office of

MEMBER OF THE BERKELEY COUNTY PUBLIC SERVICE DISTRICT

and took and subscribed the following:

I, WAYNE DUNHAM do solemnly swear that I will

support the Constitution of the United States and the Constitution of the State of West Virginia.

I, WAYNE DUNHAM do solemnly swear that I will

faithfully discharge the duties of the office of

MEMBER OF THE BERKELEY COUNTY PUBLIC SERVICE DISTRICT

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

TERM EXPIRES JUNE 30, 2009 D. Wayne Dunham

Given under my hand this 27TH day of MAY , 20 03.

Clerk of the County Court of Berkeley County.

RULES OF PROCEDURE

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: BERKELEY COUNTY PUBLIC SERVICE DISTRICT.

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

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

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

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

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

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

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

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

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

PUBLIC NOTICE OF MEETINGS

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

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

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

ARTICLE V

OFFICERS

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

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

ARTICLE VI

DUTIES OF OFFICERS

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

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

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

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

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

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

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

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

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

Adopted this 3rd day of July, 2001.

Minutes

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Regular Meeting
Monday, January 12, 2009 5:00 p.m.

The Board of Directors of the Berkeley County Public Service District met at the District office on January 12, 2009.

Present: Board Members Greg Rhoe, Bruce Dorsey, Howard Collins, Wayne Dunham and Ruby Kern; Legal Counsel Hoy Shingleton; Executive Director Paul Fisher; District Engineer Chris Thiel; County Commission Liaison Bill Stubblefield; guests Robert Hill and Josh Barnhart of H & H Well Drilling Inc.; guest John Stump of Steptoe & Johnson, PLLC; and Recording Secretary Gloria Flowers.

Welcome Guests

Chairman Rhoe called the meeting to order at 5:00 p.m. and welcomed all guests.

Election of Officers.

Chairman	Howard Collins nominated Greg Rhoe. Seconded by Bruce Dorsey. No further nominations. Passed unanimously.
Vice Chairman	Ruby Kern nominated Bruce Dorsey. Seconded by Wayne Dunham. No further nominations. Passed unanimously.
Secretary	Wayne Dunham nominated Ruby Kern. Seconded by Bruce Dorsey. No further nominations. Passed unanimously.
Treasurer	Ruby Kern nominated Howard Collins. Seconded by Wayne Dunham. No further nominations. Passed unanimously.

Parliamentarian Ruby Kern nominated Wayne Dunham.
Seconded by Howard Collins.
No further nominations.
Passed unanimously.

Approval of Minutes of the regular meeting of December 22, 2008.

Ms. Thiel requested the 2nd and 3rd sentences of the first paragraph under "Discussion/Approval of Drawings and DHHR Permit Application for Westminster Apartment Project" be changed to "Original mylars submitted by the Developer's Engineer were marked up by District staff in order to comply with District requirements."

The Board approved the minutes of the regular meeting of December 22, 2008 with one change as noted above.

Motion— Ruby Kern
Second – Wayne Dunham
Passed— Unanimously

Consideration of a Bond Resolution authorizing the issuance of the Water Revenue Bonds, Series 2009, in the aggregate principal amount of not more than $10,000.000 to finance certain capital improvements for the District and costs of issuance of the Bonds.

John Stump of Steptoe & Johnson, PLLC. summarized the bond resolution and answered questions for the Board.

A motion was made to adopt the Bond Resolution for Water Revenue Bonds, Series 2009 in the aggregate principal amount not to exceed $10,000,000.

Motion— Howard Collins
Second – Ruby Kern
Passed— Unanimously

Consideration of a Supplemental Bond Resolution providing for the specific terms and conditions of the Series 2009 Bonds.

John Stump of Steptoe & Johnson, PLLC. summarized the supplemental bond resolution and answered questions for the Board.

A motion was made to adopt the Supplemental Bond Resolution for Water Revenue Bonds, Series 2009.

Motion— Wayne Dunham
Second – Howard Collins
Passed— Unanimously

Consideration of all matters related to the issuance of the Series 2009 Bonds.

There was no further discussion under this item and no action was taken by the Board.

Recommendation for Award of Bid No. 3-08 Installation of Water Supply Wells.

Bids were opened on December 22, 2008. Golder Associates, Inc. reviewed the bids and recommended the contract be awarded to H & H Well Drilling Inc.

A motion was made to award the contract for Bid No. 3-08 Water Supply Wells to H&H Well Drilling, Inc. in the amount of $191,521.08.

Motion— Bruce Dorsey
Second – Ruby Kern
Passed— Unanimously

Approval of check registers for December 2008.

Mr. Fisher answered one question related to a lease payment for LeFevre Spring.

A motion was made to approve the check registers for December 2008 as presented.

Motion – Wayne Dunham
Second – Ruby Kern
Passed - Unanimously

Discussion/Approval of 9-80 work schedule.

Mr. Fisher discussed the pilot program for the 9-80 work schedule that was conducted during the fall of 2008. He reported that the program went fairly well and recommended that the program be implemented for the period of February through mid-November on a continuing basis.

A motion was made to adopt the 9-80 work schedule on a continuing basis.

Motion – Bruce Dorsey
Second – Ruby Kern
Passed - Unanimously

Approval of Application for Payment No. 6 from Allied Control Services, Inc. in the amount of $38,067.52.

This is payment for work on the Countywide Telemetry project. The District consulting engineer and Mr. Fisher recommend approval.

A motion was made to approve Application for Payment No. 6 from Allied Control Services, Inc. in the amount of $38,067.52.
Motion – Bruce Dorsey
Second – Ruby Kern
Passed – Unanimously

Report from Executive Director.

- Mr. Fisher provided an update on the status of the Morning Dove transfer. The District will assume responsibility for the system on January 13, 2009. The provision of additional chlorine contact time is an outstanding action item.

- Mr. Fisher is preparing a letter to be sent to Galway Bay Corporation notifying them of the District's intent to pursue liquidated damages due the contractor's failure to meet the deadline for substantial completion of the Potomac River Water Filtration Plant.

- Mr. Fisher highlighted a few findings from the Solar Site Assessment for the Potomac River Water Filtration Plant.

The following attachments were provided:

- A copy of December 18, 2008 Public Service Commission Initial and Final Joint Staff memorandum re: Case No. 08-0362-PSWD-CN (the 2008 Certificate Case).

- A copy of Solar Site Assessment for the Potomac River Water Treatment Plant received on January 2, 2009 from PIMBY (Power in My Back Yard).

- A copy of a January 7, 2009 Memo from Hoy Shingleton re: Contract for Potomac River plant and notification to the Engineer that the District intends to invoke a claim for liquidated damages.

Report from District Engineer

Developer Activities:

1. Recommending approval by the Board for the following Alternate Mainline Extension Agreement:

    - Jefferson Orchards. Extension of 1700 feet of 20-inch water main and 1600 feet of 8-inch water main to serve 218 single family lots in Paynes Ford Station. Subdivision is located off Short Road at the Berkeley/Jefferson County line (#0225).

2. Recommending approval by the Board for the following design drawings:

    - Ben Shaool. Revised plans for extension of 1950 feet of 12-inch, 2290 feet of 8-inch and 600 feet of 6-inch water main to serve 227 town homes in Goldfinch Meadows. Plans were originally signed by the Board June 12, 2006. Subdivision is located off WV Route 9 in the Baker Heights area (#0558).

A motion was made to accept the Engineering Department Report as presented.
Motion – Ruby Kern
Second – Howard Collins
Passed - Unanimously

Good of the Order

Mr. Rhoe reported that a $5 million payment will be made against the Bond Anticipation Note by the end of this month.

Executive Session to Discuss Legal Matters.

No action was to be taken by the Board following Executive Session.

A motion was made to go into Executive Session.
Motion – Ruby Kern
Second – Howard Collins
Passed – Unanimously

Adjournment.

There being no further business, motion made for adjournment at 6:18 pm.
Motion— Bruce Dorsey
Second— Wayne Dunham
Passed— Unanimously

Gregory S. Rhoe
Chairman

Ruby S. Kern
Secretary

Gloria Flowers
Recording Secretary

Minutes

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Gregory S. Rhoe
Chairman

Ruby S. Kern
Secretary

Gloria Flowers
Recording Secretary

STEPTOE & JOHNSON PLLC
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John.Stump@steptoe-johnson.com

February 17, 2009

Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2009 (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

Financial Security Assurance Inc.
New York, New York

Ross, Sinclaire & Associates, LLC
Frankfort, Kentucky

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Berkeley County Public Service District (West Virginia) (the "Issuer") of its $7,510,000 in aggregate principal amount Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Series 2009 Bonds").

The Series 2009 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on January 12, 2009, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on January 12, 2009 (collectively, the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2009 Bonds are issued in fully registered form, are dated February 17, 2009, upon original issuance, mature on December 1 in years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2009, as follows:

Bond No.	Maturity Date or Sinking Fund (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.
R-1	2010	$280,000	2.000%	2.000%	084246FM4
R-2	2011	$290,000	2.200%	2.200%	084246 FN2
R-3	2012	$295,000	2.400%	2.400%	084246 FP7
R-4	2013	$250,000	2.600%	2.600%	084246 FQ5

R-5	2014	$255,000	2.800%	2.800%	084246 FR3
R-6	2015	$265,000	2.800%	2.900%	084246 FS1
R-7	2016	$270,000	3.000%	3.100%	084246 FT9
R-8	2017	$660,000	3.000%	3.150%	084246 FU6
R-9	2018	$680,000	3.200%	3.300%	084246 FV4
R-10	2021	$610,000	4.000%	4.100%	084246 FW2
R-11	2023	$455,000	4.125%	4.250%	084246 FX0
R-12	2025	$495,000	4.250%	4.400%	084246 FY8
R-13	2026	$865,000	4.375%	4.450%	084246 FZ5
R-14	2027	$900,000	4.400%	4.500%	084246 GA9
R-15	2028	$940,000	4.400%	4.550%	084246 GB7

The Series 2009 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices set forth in the Resolution.

The Series 2009 Bonds are issued for the purposes of (i) paying the costs of design, acquisition and construction of certain additions, betterments and improvements to the System; (ii) funding the reserve account for the Series 2009 Bonds; (iii) capitalizing a portion of the interest due on the Series 2009 Bonds to June 1, 2009; and (iv) paying the costs of issuance of the Series 2009 Bonds and other costs in connection with such refunding.

The Series 2009 Bonds have been sold to Ross, Sinclaire & Associates, LLC (the "Purchaser"), pursuant to a Bond Purchase Agreement dated February 4, 2009, and accepted by the Issuer (the "Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2009 Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2009 Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement and the Continuing Disclosure Agreement

and has issued and delivered the Series 2009 Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement and the Continuing Disclosure Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2009 Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2009 Bonds (including original issue discount properly allocable to owners of the Series 2009 Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2009 Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Series 2009 Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2009 Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2009 Bonds set forth in the Resolution, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2009 Bonds to be includable in gross income retroactive to the date of issuance of the Series 2009 Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2009 Bonds except as expressly set forth in paragraph 5.

5. Under the Act, the Series 2009 Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2009 Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Series 2009 Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it

is not necessary, in connection with the public offering and sale of the Series 2008 Bonds, to register any securities under said Securities Acts.

7. The Series 2009 Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, (ii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, (iii) Water Revenue Bonds, Series 1996, dated August 6, 1996, (iv) Water Revenue Bonds, Series 1997, dated June 25, 1997, (v) Water Revenue Bonds, Series 2001 A, dated October 25, 2001, (vi) Water Refunding Revenue Bonds, Series 2003 A (Bank Qualified), dated April 30, 2003, (vii) Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified), dated April 30, 2003, (viii) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, (ix) Water Revenue Bonds, Series 2004 (Bank Qualified), dated December 30, 2004, (x) Water Revenue Bonds, Series 2006 (Bank Qualified), dated December 28, 2006, (xi) Water Revenue Bonds, Series 2007 (Non-Bank Qualified), and (xii) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 (collectively, the "First Lien Bonds"), and senior and prior to the Issuer's Water Revenue Bonds, Series 1993 C, dated March 8, 1993 (the "Second Lien Bonds"), all in accordance with the terms of the Series 2008 Bonds and the Resolution.

8. The Issuer has designated the Series 2009 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institutions' interest expense allocable to interest on the Series 2009 Bonds.

It is to be understood that the rights of the holders of the Series 2009 Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2009 Bonds, the Resolution, the Continuing Disclosure Agreement and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. R-1 through R-15 of said issue, and in our opinion, said Series 2009 Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

02.10.09
067780.00011

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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February 17, 2009

Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2009 (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

Financial Security Assurance Inc.
New York, New York

Ross, Sinclaire & Associates, LLC
Frankfort, Kentucky

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by Berkeley County Public Service District (the "District") of its $7,510,000 aggregate principal amount of Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Series 2009 Bonds"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2009 Bonds and the exclusion of interest on the Series 2009 Bonds from gross income for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings assigned to them in the Bond Purchase Agreement (the "Purchase Agreement") dated February 4, 2009, between the District and Ross, Sinclaire & Associates, LLC (the "Underwriter") and approved by the District.

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement has been authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto, is a legal, valid, binding and enforceable obligation of the District (except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles affecting creditors' rights generally).

(2) The District, under the Act, has full power and authority to adopt the Resolution, enter into the Undertaking and the Purchase Agreement and perform its obligations thereunder.

(3) The District has duly ratified the distribution of the Official Statement, the Official Statement has been duly approved, signed and delivered by the District, and the District has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the public offering of the Series 2009 Bonds.

(4) The statements and information contained in the Official Statement under the captions or subcaptions "THE SERIES 2009 BONDS," (except the sub-section entitled "Book Entry Bonds" to which no opinion is expressed hereby) "SECURITY FOR THE SERIES 2009 BONDS,""TAX MATTERS," "LEGAL MATTERS," and, if applicable, the form of the Resolution in Appendix E to the Official Statement (except for financial or statistical data therein as to which no opinion is hereby expressed) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

(5) The Series 2009 Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

STEPTOE & JOHNSON PLLC

02.10.09
067780.00011

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February 17, 2009

$7,510,000
Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2009 (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

Financial Security Assurance, Inc.
New York, New York

Ladies and Gentlemen:

We have acted as counsel to the Berkeley County Public Service District (the "District") in connection with the issuance and sale by the District of its Water Revenue Bonds, Series 2009 (Bank Qualified), in the original aggregate principal amount of $7,510,000 (the "Series 2009 Bonds"). In connection with rendering this opinion, we have examined the Official Statement.

Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the District, and counsel for the District, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, including Appendix B thereto as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by you and the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Series 2009 Bonds.

Very truly yours,

STEPTOE & JOHNSON PLLC

2.10.09
067780.00011

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February 17, 2009

Ross, Sinclaire & Associates, LLC
400 Democrat Drive
Frankfort, Kentucky 40601

Re: $7,510,000 Berkeley County Public Service District, West Virginia Water Revenue Bonds, Series 2009 (Bank Qualified)

Ladies and Gentlemen:

We have served as counsel to you (the "Underwriter") in connection with the issuance and sale by Berkeley County Public Service District, West Virginia (the "Issuer") of its Bonds, Series 2009 (Tax-Exempt) in the aggregate principal amount of $7,510,000 (the "Series 2009 Bonds"). In connection with rendering this opinion, we have examined the Official Statement, (the "OS"), the Bond Purchase Agreement, dated February 4, 2009 (the "Purchase Agreement"), and Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

We are not passing upon, and do not assume any responsibility for, the accuracy, completeness, or fairness of any of the statements in the OS, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, to assist you in your investigation concerning the OS, we have reviewed certain documents to include the Resolution, Approving Opinion of Steptoe & Johnson, PLLC, Bond Counsel, Supplemental Opinion of Steptoe & Johnson, PLLC, Bond Counsel, Opinion of Hoy Shingleton, Jr., Counsel to the Issuer, General Certificate of Issuer, Rule 15c2-12 Certificate, Registrar's Certificate, Underwriter's Certificate, and the Purchase Agreement. During the course of our work on this matter, nothing has come to our attention that would lead us to believe that the OS (excluding therefrom the financial and statistical data included in the OS, including each of the appendices thereto, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter, and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Series 2009 Bonds.

Very truly yours,

PARKER POE ADAMS & BERNSTEIN LLP

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February 17, 2009

$7,510,000
Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2009 (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

Ross, Sinclaire & Associates
Frankfort, Kentucky

Steptoe & Johnson PLLC
Charleston, West Virginia

Financial Security Assurance Inc.
New York, New York

Ladies and Gentlemen:

I have acted as counsel for Berkeley County Public Service District (the "District") and have acted as such in connection with the sale of the above-referenced Bonds (the "Series 2009 Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of February 4, 2009 (the "Purchase Agreement") between Ross, Sinclaire & Associates, LLC (the "Underwriter") and the District. Any capitalized term used herein and not defined shall have the meaning assigned to it in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2009 Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, specifically Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), the Resolution of the District relating to the Series 2009 Bonds adopted on January 12, 2009, as supplemented by a Supplemental Parameters Resolution adopted January 12, 2009 (collectively, the "Resolution"), the Continuing Disclosure Agreement (the "Undertaking"), the Purchase Agreement, the Official Statement dated February 4, 2009, with respect to the issuance and offering of the Series 2009 Bonds (collectively, the "Official Statement") and a closing certificate of the District. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The District is a public service district and a public corporation and political subdivision of the State of West Virginia. The District is authorized by the laws of the State of West Virginia, as provided by the Act, to enter into and perform its obligations under the Resolution, the Undertaking and the Purchase Agreement.

2. The District has full power and authority to consummate all transactions contemplated by the Series 2009 Bonds, the Purchase Agreement, the Undertaking and any and all other agreements relating thereto, to which the District is a party.

3. The District has duly authorized all action necessary to be taken by it or on its behalf for (i) the acquisition and construction of the Project; (ii) the execution and delivery of the Undertaking and the Purchase Agreement; (iii) the approval of the distribution of the Official Statement; (iv) the ratification of the actions of the District and the issuance and delivery of the Series 2009 Bonds upon the terms set forth in the Resolution; and (v) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Undertaking and the Purchase Agreement have been duly and validly authorized, executed and delivered by the District and the same are in full force and effect as of the date hereof and are valid and legally binding obligations of the District, enforceable against the District in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally.

5. The Resolution has been duly adopted at meetings of the governing body (Board) of the District which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of the enactment of the Resolution.

6. The execution and delivery by the District of the Undertaking and the Purchase Agreement and the performance of its obligations thereunder do not and will not result in a violation of any provision of, or in default under, the West Virginia statutes organizing and governing the District or, to the best of my knowledge after diligent inquiry and review of the District's records, any agreement or other instrument to which the District is a party or by which it or its properties are bound.

7. All actions necessary to be taken by the District have been taken, and no additional approval, authorization, consent or other order of the District or any public board or body is legally required to allow the District to enter into and perform its obligations under the Purchase Agreement or as described in the Official Statement.

8. The District is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the District.

9. There are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the District is a party or of which any property of the District is subject, except as described in the Official Statement, which, if determined adversely to the District, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Series 2009 Bonds, the Undertaking or the Purchase Agreement, (ii) otherwise materially or adversely affect the ability of the District to comply with its

obligations under the Purchase Agreement, or (iii) materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the District.

10. All approvals, consents, authorizations, resolutions and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute conditions precedent to, or the absence of which would materially adversely affect, the due performance by the District of its obligations under the Resolution, the Series 2009 Bonds or the Purchase Agreement, have been duly obtained and are in full force and effect, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2009 Bonds, as to which no opinion is hereby expressed.

11. The Resolution creates a legally valid and binding pledge of, and lien and charge upon, the security, for payment of the principal of, premium, if any, and interest on the Series 2009 Bonds as the same become due and for the other purposes provided in the Resolution, subject only to the provisions of the Resolution permitting application thereof on the terms and conditions set forth in the Resolution.

12. The statements and information contained in the Official Statement under the captions, "THE SYSTEM," "LITIGATION" and "CONTINUING DISCLOSURE" and Appendix A do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

I hereby consent to the references made to me in the Official Statement.

Very truly yours,

Hoy Shingleton, Jr., Esquire

$7,510,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Revenue Bonds, Series 2009 (Bank Qualified)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. PUBLIC SERVICE COMMISSION APPROVAL
5. LAND AND RIGHTS OF WAY
6. CONTRACTORS' INSURANCE, ETC.
7. AWARD OF SERIES 2009 BONDS; SIGNATURES
8. DELIVERY AND PAYMENT
9. CERTIFICATION OF DOCUMENTS
10. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
11. MEETINGS, ETC.
12. INCUMBENCY AND OFFICIAL NAME
13. RATES
14. OFFICIAL STATEMENT CERTIFICATION
15. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 6(c)(iv) AND SECTION 6(c)(viii);
16. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
17. PRIVATE USE OF FACILITIES
18. NO FEDERAL GUARANTY
19. IRS INFORMATION RETURN
20. SPECIMEN SERIES 2009 BONDS
21. RELIANCE OF BOND COUNSEL AND BOND INSURER
22. USE OF SERIES 2009 BOND PROCEEDS
23. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of Berkeley County Public Service District, West Virginia (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify, on this the 17th day of February, 2009, in connection with the $7,510,000 aggregate principal amount of the Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Series 2009 Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings set forth in the bond resolution of the Issuer duly adopted January 12, 2009, as supplemented by a supplemental parameters resolution duly adopted January 12, 2009 (collectively, the "Bond Legislation"), and the Bond Purchase Agreement dated February 4, 2009 (the "Bond Purchase Agreement"), by and between the Issuer and the Underwriter.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance and delivery of the Series 2009 Bonds, or the collection of the Net Revenues of the System or the pledge thereof to the payment of the principal of and interest on the Series 2009 Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2009 Bonds, nor in any manner affecting the validity or enforceability of the Series 2009 Bonds, the Bond Legislation, the Undertaking, Agreement or the Bond Purchase Agreement or any agreement or instrument relating thereto, used or contemplated by the Bond Purchase Agreement or any provisions made or authorized for the payment of the Series 2009 Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Chairman, Secretary and the members of the public service board of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the issuance, sale and delivery of the Series 2009 Bonds which are not set forth in the Official Statement relating to the Series 2009 Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for acquisition and construction of the Project, operation of the System and issuance of the Series 2009 Bonds have been obtained, or will be obtained prior to construction, and, to the extent such approvals and certificates have been obtained as of the date hereof, remain in full force and effect. Competitive bids for construction of the Project will be solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended.

4 PUBLIC SERVICE COMMISSION APPROVAL: The Public Service Commission of West Virginia has approved the acquisition and construction of the Project and the issuance of the Series 2009 Bonds by Recommended Decision dated September 24, 2008, which became a Final Order dated October 14, 2008, in Case No. 08-0362-PWD-CN. The time for appeal of such Commission Order has expired prior to the date hereof.

5. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2009 Bonds.

6. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, with commercially reasonable limits. All insurance for the System required by the Ordinance is in full force and effect. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

7. AWARD OF SERIES 2009 BONDS; SIGNATURES: The Series 2009 Bonds were awarded to Ross, Sinclaire & Associates, LLC, (the "Underwriter") pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $7,284,959.50 (representing par value less an Underwriter's discount of $149,550 and an original issue discount of $75,490.50). There is no accrued interest on the Series 2009 Bonds.

As of the date hereof, the Series 2009 Bonds were duly signed by the manual signature of the Chairman of the Issuer, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed thereon and attested by the manual signature of the Secretary of the Issuer.

8. DELIVERY AND PAYMENT: The undersigned Chairman did, on the date hereof, deliver to the Underwriter, the entire issue of the Series 2009 Bonds, in various denominations and numbered R-1 to R-15, inclusive. At the time of delivery of the Series 2009 Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Par Amount		$ 7,510,000.00
Less:	Underwriter's Discount	($ 149,550.00)
	Original Issue District	($ 75,490.50)
	Total	$ 7,284,959.50

9. CERTIFICATION OF DOCUMENTS: There are delivered herewith true, correct and complete copies of the following documents, all of which remain in full force and effect and have not been amended, modified, supplemented, rescinded or repealed unless changed by the terms of other documents listed below:

Bond Resolution

Supplemental Resolution

Public Service Commission Orders

County Commission Orders Relating to Creation of District and Merging with Hedgesville and Opequon Public Service Districts

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Official Statement

Bond Purchase Agreement

Continuing Disclosure Agreement

Financial Guaranty Insurance Policy of Financial Security Assurance Inc.

Consent of West Virginia Water Development Authority

10. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System of the Issuer since February 3, 2009. There are outstanding obligations of the Issuer, (hereinafter collectively, the "Prior Bonds") which are designated and have the lien positions with respect to the Net Revenues of the waterworks system of the Issuer as follows:

[Remainder Of Page Intentionally Left Blank]

Designation	Lien Position
(1) Water Revenue Bonds, Series 1993 B (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 A) (the "Series 1993 B Bonds"), dated March 8, 1993, and issued in the aggregate principal amount of $528,871;	First Lien
(2) Water Revenue Bonds, Series 1993 C (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 B) (the "Series 1993 C Bonds"), dated March 8, 1993, and issued in the aggregate principal amount of $17,628;	Second Lien
(3) Water Revenue Bonds, Series 1993 D (formerly Opequon Public Service District Water Revenue Bonds, Series 1993) (the "Series 1993 D Bonds"), dated July 28, 1993, and issued in the aggregate principal amount of $10,257,957;	First Lien
(4) Water Revenue Bonds, Series 1996 (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1996) (the "Series 1996 Bonds"), dated August 6, 1996, and issued in the aggregate principal amount of $677,158;	First Lien
(5) Water Revenue Bonds, Series 1997 (formerly Opequon Public Service District Water Revenue Bonds, Series 1997) (the "Series 1997 Bonds"), dated June 25, 1997, and issued in the aggregate principal amount of $3,339,090;	First Lien
(6) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority) (the "Series 2001 A Bonds"), dated October 25, 2001, and issued in the aggregate principal amount of $2,010,000;	First Lien
(7) Water Refunding Revenue Bonds, Series 2003 A (Bank Qualified) (the "Series 2003 A Bonds"), dated April 1, 2003, and issued in the aggregate principal amount of $1,330,000;	First Lien

(8) Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified) (the "Series 2003 B Bonds"), dated April 1, 2003, and issued in the aggregate principal amount of $2,030,000;	First Lien
(9) Water Revenue Bonds, Series 2003 C (the "Series 2003 C Bonds"), dated May 15, 2003, and issued in the aggregate principal amount of $2,430,000;	First Lien
(10) Water Revenue Bonds, Series 2004 (Bank Qualified) (the "Series 2004 Bonds"), dated December 30, 2004, and issued in the aggregate principal amount of $10,000,000;	First Lien
(11) Water Revenue Bonds, Series 2006 (the "Series 2006 Bonds"), dated December 28, 2006, and issued in the aggregate principal amount of $10,000,000;	First Lien
(12) Water Revenue Bonds, Series 2007 (the "Series 2007 Bonds"), dated December 21, 2007, and issued in the aggregate principal amount of $2,255,000; and	First Lien
(13) Water Revenue Bonds, Series 2008 (the "Series 2008 Bonds"), dated January 24, 2008, and issued in the aggregate principal amount of $9,500,000.	First Lien

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds and the Series 2008 Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds. The First Lien Bonds and Second Lien Bonds are collectively sometimes hereinafter collectively referred to as the "Prior Bonds."

11. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2009 Bonds and/or operation of the System, including without limitation the imposition of rates and charges, were authorized or adopted at meetings of the public service board of the Issuer duly and regularly called and held pursuant to the rules of procedure of the public service board of the Issuer and all applicable statutes, including without limitation Chapter 6, Article 9A of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the public service board was present and acting at all times during all such meetings. All notices required to be posted or published were duly posted and published.

12. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Berkeley County Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Berkeley County and presently existing under the

laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board, consisting of 5 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
1. Gregory Rhoe	July 1, 2007	June 30, 2013
2. Calvin B. Dorsey	July 1, 2003	June 30, 2009
3. D. Wayne Dunham	July 1, 2003	June 30, 2009
4. Howard W. Collins	July 1, 2005	June 30, 2011
5. Ruby S. Kern	January 1, 2007	June 30, 2011

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2009 are as follows:

Chairman	-	Gregory Rhoe
Vice Chairman	-	Calvin B. Dorsey
Secretary	-	Ruby Kern
Treasurer	-	Howard W. Collins
Parliamentarian	-	D. Wayne Dunham

The duly appointed and acting counsel to Issuer is Hoy Shingleton, Esquire of Martinsburg, West Virginia.

13. RATES: The rates for the System, as approved by the Public Service Commission of West Virginia, in the Recommended Decision of the Public Service Commission of West Virginia entered October 12, 2007, which became a Final Order on November 1, 2007, in Case No. 07-0923-PWD-CN, are in full force and effect.

14. OFFICIAL STATEMENT CERTIFICATION: At and since the date of the Official Statement nothing has come to the attention of any signer hereof which would lead any such signer to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

15. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 6(c)(iv) AND SECTION 6(c)(viii): In addition to the foregoing, the undersigned hereby certify, as of the date hereof, that: (i) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing and that each of its representations and warranties contained in the Bond Purchase Agreement are true as of the Closing, (ii) the Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Series 2009 Bonds, the Bond Legislation, the Undertaking, and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to our knowledge no litigation is pending, or to our knowledge threatened, to restrain or enjoin the issuance or sale of the Series 2009 Bonds or in any way affecting any authority for or the validity of the Series 2009 Bonds, the Bond Legislation or the Issuer's existence or powers or the Issuer's right to use the proceeds of the Series 2009 Bonds as set forth herein, (iv) the execution, delivery, receipt and due performance of the Series 2009 Bonds, the Bond

Legislation, the Undertaking and the other agreements contemplated by the Bond Purchase Agreement and by the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on its part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which it is subject or by which it is or may be bound, (v) the statements and information contained in the Official Statement under the captions, "THE SYSTEM," "LITIGATION" and "CONTINUING DISCLOSURE" and Appendix A do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect, and (vi) the Issuer is obligated by the Undertaking established in the Continuing Disclosure Agreement and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5).

16. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of The Bank of New York, New York, New York, as Registrar, the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent and Depository Bank, however, costs of issuance for the Series 2009 Bonds will be deposited with Susquehanna Bancshares, Inc., Martinsburg, West Virginia.

17. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Series 2009 Bonds and the interest thereon. Less than 10% of the proceeds of the Series 2009 Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Series 2009 Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Series 2009 Bonds, including the disproportionate related business use of the proceeds of the Series 2009 Bonds, and none of the payment of principal of or interest on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Series 2009 Bonds. None of the proceeds of the issue of the Series 2009 Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder.

18. NO FEDERAL GUARANTY: The Series 2009 Bonds are not, in whole or part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

19. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially sign a properly completed IRS Form 8038-G for the Series 2009 Bonds and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Ogden, Utah. The information set forth in such Form 8038-G is true, correct and complete in all respects.

20. SPECIMEN SERIES 2009 BONDS: Delivered concurrently herewith are true and accurate specimens of the Series 2009 Bonds.

21. RELIANCE OF BOND COUNSEL AND BOND INSURER: The undersigned acknowledge that it is intended that interest on the Series 2009 Bonds be exempt from federal income tax in the hands of the owners thereof, that the firm of Steptoe & Johnson PLLC is rendering opinions on the date hereof to said effect and with respect to other matters, and that, in rendering said opinions, said firm is relying, among other things, upon the statements made herein. Said firm is entitled to rely upon such statements. Additionally, all certifications contained in this General Certificate, the Tax and Non-Arbitrage Certificate and any other certificate delivered by the Issuer in connection with issuance of the Series 2009 Bonds may be relied upon by Financial Security Assurance Inc. in accordance with its requirements for issuance of a bond insurance policy relating to the Series 2009 Bonds.

22. USE OF SERIES 2009 BOND PROCEEDS: The proceeds of the Series 2009 Bonds will be used to pay costs of acquisition and construction of the Project, fund a reserve account for the Series 2009 Bonds or to pay costs of issuance of the Series 2009 Bonds and other costs in connection with the issuance of the Series 2009 Bonds.

23. EXECUTION OF COUNTERPARTS: This Certificate may be executed in counterparts, and all counterparts shall be deemed to be the Certificate.

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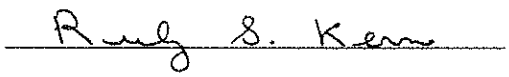
WITNESS our signatures and the official corporate seal of the BERKELEY COUNTY PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

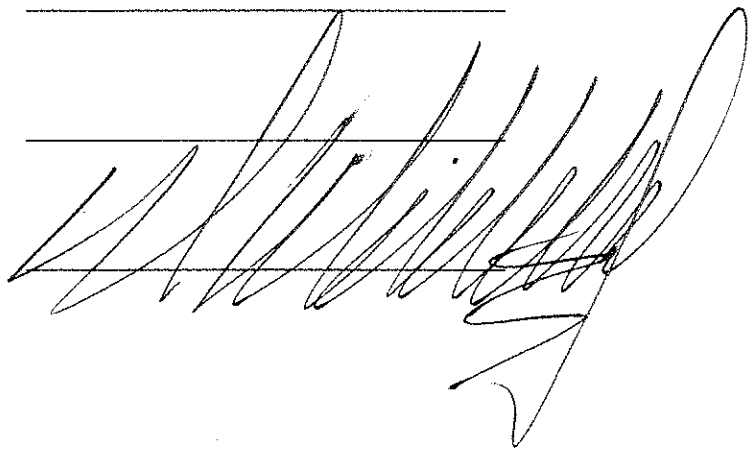
Signature	Official Title
	Chairman
	Secretary
_____	Attorney

2.05.09
067780.00011

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

[CORPORATE SEAL]

Signature	Official Title
	Chairman
	Secretary
	Attorney



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$7,510,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Revenue Bonds, Series 2009 (Bank Qualified)

TAX AND NON-ARBITRAGE CERTIFICATE

The undersigned, Chairman of Berkeley County Public Service District (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of the $7,510,0000 Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Series 2009 Bonds"), of the Issuer, dated February 17, 2009 (the "Series 2009 Bonds"), hereby certifies as follows, all capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Resolution adopted by the Issuer on January 12, 2009, as supplemented (collectively, the "Resolution"), pursuant to which the Series 2009 Bonds are issued:

A. DEFINITIONS

The following words and phrases shall have the following meanings or such other meanings as may be required under the Code or the Regulations. Any capitalized word or term used herein but not defined herein shall have the meaning set forth in the Resolution.

"**Bona Fide Debt Service Fund**" shall mean a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth (1/12th) of the principal and interest payments on the Series 2009 Bonds for the immediately preceding Bond Year.

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

"**Bond Counsel**" means the law firm or firms delivering its or their approving opinion or opinions with the respect to the issuance of the Series 2009 Bonds and the exclusion of interest on the Series 2009 Bonds from gross income for the purposes of federal income taxation.

"**Bond Year**" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"**Bond Yield**" means the yield of the Series 2009 Bonds, calculated in accordance with the provisions of Section 1.148-4 of the Regulations.

"**Code**" means the Internal Revenue Code of 1986, as amended, and all rulings and regulations promulgated thereunder.

"**Computation Date**" means each Installment Computation Date and the Final Computation Date.

"**Computation Date Credit**" means $1,000.00. Only one Computation Date Credit for each Computation Date is permitted for the Series 2009 Bonds.

"**Costs of Issuance**" means all costs incurred in connection with the issuance of the Series 2009 Bonds within the meaning of Section 147(g) of the Code. Examples of costs of issuance include (but are not limited to):

(a) underwriters' spread (whether realized directly or derived through purchase of the Series 2009 Bonds at a discount below the price at which a substantial number of Series 2009 Bonds are sold to the public);

(b) counsel fees (including Bond Counsel, Underwriters' Counsel, Issuer's Counsel, Insurance Company's Counsel, and any other specialized counsel fees incurred in connection with the issuance of the Series 2009 Bonds);

(c) financial advisor fees incurred in connection with the issuance of the Series 2009 Bonds;

(d) trustee fees and registrar fees;

(e) paying agent, disbursement agent, and certifying and authenticating agent fees related to issuance of the Series 2009 Bonds;

(f) accountant fees related to issuance of the Series 2009 Bonds;

(g) printing costs (for the Series 2009 Bonds and of preliminary and final offering materials); and

(h) costs incurred in connection with any required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum).

"**Date of Issue**" means February 17, 2009.

"**Discharged**" means, with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due if cash is available at the place of payment and no interest accrues with respect to the Bond after such date.

"**Fair Market Value**" of an Investment means as follows:

(a) In General. Except as specifically otherwise provided below, the Fair Market Value of an Investment is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm's length transaction. The Fair Market Value of an Investment that is purchased directly from the United States Treasury is its purchase price.

(b) Safe Harbor for Establishing Fair Market Value for Guaranteed Investment Contracts and Investments Purchased for a Yield Restricted Defeasance Escrow. The purchase price of a guaranteed investment contract is treated as its Fair Market Value on the purchase date if -

(i) The institution makes a bona fide solicitation for a specified guaranteed investment contract and reserves at least three (3) bona fide bonds from providers that have no material financial interest in the issue (e.g. as underwriters or brokers);

(ii) The institution purchases the highest yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees);

(iii) The yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to persons from a source of funds other than gross proceeds of tax exempt bonds;

(iv) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the Issuer's reasonably expected draw down schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) The terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and

(vi) The obligor on the governmental investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract.

(c) Safe Harbor for Establishing Fair Market Value for Certificates of Deposit. The Fair Market Value of a certificate of deposit is its purchase price if it has a fixed rate of interest, a fixed payment schedule, and a substantial penalty for early withdrawal and the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States; and (ii) the highest yield that is published or posted by the provider to be currently available on reasonably comparable certificates of deposit offered to the public.

"**Final Computation Date**" means the date on which the last Bond is Discharged.

"**Future Value**" means the amount determined by using the following formula:

$FV = PV(1+i)^n$

where:

FV = The future value of the nonpurpose receipt or payment at the end of the interval. Each interval ends on the last day of a compounding interval. The compounding interval is the same compounding interval used in computing the Bond Yield.

PV = The future value of the nonpurpose receipt or payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the nonpurpose receipt or payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every nonpurpose receipt and payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar. The preceding sentence shall not apply to receipts and payments with respect to investments in a restricted escrow within the meaning of Section 1.148-8(g) of the Regulations.

i = The Bond Yield during the interval (expressed as a decimal) divided by the number of compounding intervals in a year.

^{n} = A fraction, the numerator of which is the length of the interval and the denominator of which is the length of a whole compounding interval.

"**Gross Proceeds**" means Proceeds and Replacement Proceeds of the Series 2009 Bonds within the meaning of the Regulations.

"**Installment Computation Date**" means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

"**Investment**" means any security, obligation, annuity contract, or investment type property as defined in section 148(b) of the Code.

"**Investment Proceeds**" means any amounts actually or constructively received from investing Proceeds of an issue of bonds.

"**IRS**" means the Internal Revenue Service.

"**Issue Price**" means $7,434,509.50 being the initial offering price to the public at which price a substantial amount of the Series 2009 Bonds is sold, and includes accrued interest on the Series 2009 Bonds. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Series 2009 Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a different price. The Issue Price of bonds that are not substantially identical is determined separately. The Issue Price of a bond issue for which a bona fide public offering is made is determined as of the sale date based on reasonable expectations regarding the initial public offering price. The Issue Price of the Series 2009 Bonds may not exceed their fair market value as of the sale date.

"**Net Sale Proceeds**" means Sale Proceeds less the amount of those Sale Proceeds invested in a reasonably required reserve or replacement fund under section 148(d) of the Code and as part of a minor portion under section 148(e) of the Code.

"**Nonpurpose Investment**" means any Investment that is not acquired to carry out the governmental purpose of an issue.

"**Payment**" means a payment as defined in section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a payment as defined in section 1.148-5(b) of the Regulations for purposes of computing the Yield on an Investment.

"**Present Value**" means the amount determined by using the following formula:

$$PV = \frac{FV}{(1+i)^n}$$

where i equals the discount rate divided by the number of compounding intervals in a year and n equals the sum of (i) the number of whole compounding intervals for the period ending on the date as of which the Future Value is determined and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

"**Present Value of an Investment**" shall mean the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Series 2009 Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"**Proceeds**" means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received that with respect to an Investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under section 1.148-2(d) of the Regulations or section 143(g) of the Code or to qualified administrative cost recoverable under section 1.148-5(e).

"**Rebate Amount**" means, in respect of the Series 2009 Bonds, the amount determined pursuant to the Code and Regulations in accordance with section E(1) hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Series 2009 Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments computed in accordance with the Regulations.

"**Rebate Analyst**" means the entity or person chosen by the Issuer in accordance with Section E(3) hereof to determine the Rebate Amounts.

"**Rebate Payment Date**" means the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"**Receipt**" means a receipt as defined in section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a receipt as defined in section 1.148-5(b) of the Regulations for purposes of computing Yield on an Investment.

"**Regulation**" or "**Regulations**" means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Series 2009 Bonds.

"**Replacement Proceeds**" means amounts that are treated as replacement proceeds of an issue of bonds under section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

"**Sale Proceeds**" means amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter's discount and compensation and accrued interest other than pre-issuance accrued interest). Sale Proceeds also include, but are not limited to, amounts derived from the sale of a right that is associated with a Bond and that is described in Section 1.148-4(b)(4) of the Regulations.

"**Tax-Exempt Bond**" means any tax-exempt bond within the meaning of section 103 of the Code and section 1.150-1 of the Regulations that is not investment property within the meaning of section 148(b)(3) of the Code.

"**Transferred Proceeds**" means Proceeds of a prior issue of bonds that have ceased to be allocated to that prior issue and are treated as Proceeds of a refunding issue under section 1.148-9 of the Regulations.

"**Transferred Proceeds of the Bonds**" means amounts that have ceased to be allocated to Prior Bonds and are treated as Transferred Proceeds of the Series 2009 Bonds.

"**Underwriter**" means Ross, Sinclaire & Associates, LLC, Frankfort, Kentucky.

"**Universal Cap**" means the maximum value of Nonpurpose Investments which may be allocated to the Series 2009 Bonds under section 1.148-6 of the Regulations and is determined by reference to the Value of all outstanding Series 2009 Bonds of the issue. For purposes of this determination Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

"**Valuation Date**" means the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Series 2009 Bonds thereunder must be determined under section 1.148-6 of the Regulations. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date. In addition, the Regulations provide with respect to a refunded issue (e.g., the Prior Bonds) and a refunding issue (i.e., the Series 2009 Bonds) each date on which proceeds of the refunded issue would become transferred proceeds of the refunding issue, e.g., each date on which principal of the refunded issue is paid with proceeds of the refunding bonds, constitutes a Valuation Date.

"**Value of a Bond**" means the value of a bond determined under section 1.148-4(e) of the Regulations. Under those Regulations, value generally means:

> (a) In the case of a plain par bond (within the meaning of section 1.148-1(b) of the Regulations), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a plain par bond actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and
>
> (b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date, using the yield on the issue of which the bonds are a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

"**Value of an Investment**" means the value of an investment determined under section 1.148-5(d) of the Regulations. Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of section 1.148-1(b) of the Regulations) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of section 1.148-1(b) of the Regulations), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

"**Yield**" or "**yield**" means the yield computed under section 1.148-4 of the Regulations for the Series 2009 Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"**Yield Restricted Investments**" means any Investments which either (1) bear a yield that is no greater than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (the "Code"). I am an officer of the Issuer charged with the responsibility of issuing the Series 2009 Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on February 17, 2009, the date on which the Series 2009 Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Issuer has covenanted in the Resolution that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2009 Bonds which would cause the Series 2009 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2009 Bonds) so that the interest on the Series 2009 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

6. The Series 2009 Bonds were sold on February 17, 2009, to the Underwriter for a purchase price of $7,284,959.50 (par amount of $7,510,000, less original issue discount of $75,490.50 and less underwriter's discount of $149,550.00). There is no accrued interest thereon on the Series 2009 Bonds.

7. The Series 2009 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the following purpose: (i) to finance the costs of acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer; (ii) to capitalize a portion of the interest on the Series 2009 Bonds through June 1,

2009; (iii) to fund the Series 2009 Bonds Reserve Account; and (iv) to pay costs of issuance and related costs.

8. [RESERVED]

9. The face amount of the Series 2009 Bonds is $7,510,000. The sources and uses of proceeds of the Series 2009 Bonds is as follows:

Sources of Funds	
Par Amount of Series 2009 Bonds	$7,510,000.00
LESS: Original Issue Discount	($75,490.50)
TOTAL	$7,434,509.50

10. The proceeds of sale of the Series 2009 Bonds will be applied as follows:

Uses of Funds	
Deposit to Project Fund	$6,356,670.89
Bond Insurance Premium	$ 62,001.68
Deposit to Debt Service Reserve Fund	$712,080.93
Deposit to Capitalized Interest Fund	$78,806.00
Deposit to Cost of Issuance Fund*	$224,950.00
TOTAL	$7,434,509.50

** Includes: Underwriter Discount, and Professional Fees Associated with the Issuance of the Series 2009 Bonds.*

11. The Underwriter has stated, in its certificate, a copy of which is attached as EXHIBIT A - UNDERWRITER'S CERTIFICATE hereto (the "Underwriter's Certificate") that the Series 2009 Bonds have been reoffered, and a substantial amount thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial offering prices not greater than the respective prices shown on the cover page of the Official Statement for the Series 2009 Bonds. The yield on the Series 2009 Bonds, as so computed, has been determined to be 4.140424%, based on a "purchase price" equal to the Issue Price for the Series 2009 Bonds (including accrued interest thereon).

C. THE SERIES 2009 BONDS

1. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Series 2009 Bonds are detailed in the Series 2009 Bonds.

2. Using the initial offering price of the Series 2009 Bonds as the "purchase price" and taking into account accrued interest the yield on the Series 2009 Bonds is computed by the Underwriter to be 4.140424% (the "Bond Yield").

3. A Sinking Fund for the Series 2009 Bonds is created under the Resolution. Monies deposited in the Sinking Fund, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to the Series 2009 Bonds. The Series 2009 Bonds all bear interest at a fixed interest rate and the average maturity of the Series 2009 Bonds is in excess of 5 years. The Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Series 2009 Bonds within each Bond Year. All monies held in the Sinking Fund will be used to pay debt service on the Series 2009 Bonds. All Sale Proceeds of the Series 2009 Bonds deposited in the Sinking Fund, if any, will constitute accrued interest on the Series 2009 Bonds and will be applied to pay interest on the Series 2009 Bonds on the first interest payment date, being June 1, 2009. The Sinking Fund qualifies as a Bona Fide Debt Service Fund and all monies in the Sinking Fund will be invested without restriction as to yield and are not subject to rebate.

4. A Reserve Account is created under the Resolution for the Series 2009 Bonds in an aggregate amount equal to 125% of the Average Annual Debt Service on the Series 2009 Bonds (the "Reserve Account Requirement"). The Reserve Account is being funded from the Series 2009 Bonds proceeds in the amount of $712,080.93. The Reserve Account Requirement is equal to 125% of the average annual principal and interest requirements of the Series 2009 Bonds, is not in excess of 10% of the stated principal amount of the Series 2009 Bonds and is not in excess of the maximum annual principal and interest requirements of the Series 2009 Bonds. The monies in the Reserve Accounts will be invested without restriction as to yield. All earnings on amounts deposited in the Reserve Accounts will, to the extent the yield thereon exceeds the yield on the Series 2009 Bonds, be subject to rebate.

5. A Renewal and Replacement Fund is created under the Resolution, to be funded through monthly deposits of Revenues in an amount equal to 2 1/2% of the Gross Revenues of the System. Absent an Event of Default on the Series 2009 Bonds, and depletion in full of the Reserve Account, the Renewal and Replacement Fund is not expected to be used for the purpose of paying Debt Service on the Series 2009 Bonds. Such monies will be invested without restriction as to yield and are not subject to rebate.

6. A Redemption Account for the Series 2009 Bonds is created under the Resolution. In the event monies are deposited into the Redemption Account, to the extent they are not part of a Bona Fide Debt Service Fund, they will, to the extent the yield thereon exceeds the yield on the Series 2009 Bonds, be subject to rebate. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

7. A Costs of Issuance Fund is created under the Resolution to be funded from proceeds of the Series 2009 Bonds in the amount of $75,400, to pay costs of issuance of the Series

2009 Bonds. All such amounts shall be fully expended within 6 months from the date hereof. Pending such disbursement, such monies will be invested without restriction as to yield and are not subject to rebate.

8. A Construction Fund is created under the Resolution to be funded only from remaining proceeds of the Series 2009 Bonds to pay costs of the Project. All such amounts shall be fully expended within 3 years from the date hereof. Pending such disbursement, such monies will be invested without restriction as to yield and are not subject to rebate. Work with respect to the acquisition and construction of the Project will commence shortly and will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 3 years. All proceeds of the Series 2009 Bonds designated for the Project will be expended within 3 years from the date of issuance thereof. The Project will be operated solely for a public purpose as a local governmental activity of the Issuer. The Issuer expects no part of the Project financed by proceeds of the Series 2009 Bonds will be sold or otherwise disposed of prior to the last maturity date of the Series 2009 Bonds. None of the proceeds of the Series 2009 Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds.

Except for the proceeds of the Series 2009 Bonds designated for the Project, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Series 2009 Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Series 2009 Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Series 2009 Bonds or to the governmental purpose of the Series 2009 Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Series 2009 Bonds were not used or to be used for that governmental purpose.

9. Other than the funds and accounts described above, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay Debt Service on the Series 2009 Bonds or which are pledged as collateral to secure repayment of Debt Service on the Series 2009 Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Series 2009 Bonds.

10. Accrued interest, if any, with respect to the Series 2009 Bonds in an amount less than 6 month's interest on the Series 2009 Bonds may be applied within one year from the date hereof toward the payment of interest first due on the Series 2009 Bonds, as detailed in the Schedules. Pending such disbursement, such monies, if any, will be invested without restriction as to yield.

E. REBATE OF EXCESS ARBITRAGE

1. Rebate Fund; Calculation of Rebate Amount.

(a) Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess. Except as provided below, and as previously set forth as excepted in Section D hereof, the Sinking Funds, the Reserve Accounts therein, the Costs of Issuance Fund and all other funds or accounts treated as containing Gross Proceeds are subject to this requirement.

(b) Pursuant to the Resolution, the Issuer has created the Rebate Fund to be held by the Depository Bank. On or before 45 days following each Computation Date, an amount shall be deposited into the Rebate Fund by the Issuer so that the balance held in the Rebate Fund shall equal the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date. Monies so deposited shall be derived from the Issuer's own funds.

(c) To meet the rebate requirements of Section 148(f) of the Code, the Issuer (or the Rebate Analyst described in Section E(3) hereof) agrees and covenants to take the following actions:

(i) For each investment of (i) amounts held in the Reserve Accounts, (ii) Transferred Proceeds of the Series 2009 Bonds, and (iii) any other monies held by the Issuer which constitute Gross Proceeds, the Issuer shall record the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(ii) For each Installment Computation Date with respect to Rebate Amounts specified in paragraph (iii) below, the Issuer shall compute the Yield on the Series 2009 Bonds as required by the Code and Regulations. If the Series 2009 Bonds are redeemed prior to their scheduled maturity, the Issuer agrees to seek the advice of Bond Counsel or other rebate expert to recompute the Yield on the Series 2009 Bonds as required by the Regulations.

(iii) For each Computation Date, the Issuer shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (i) above this section E(1)(c) that are allocable to Gross Proceeds of the Series 2009 Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Series 2009 Bonds, any unrealized gains or losses as of the date of retirement of the Series 2009 Bonds must be taken into account in calculating the earnings

on such Nonpurpose Investments to the extent required by the Regulations.

(iv) In determining the Nonpurpose Investments that are allocable to Gross Proceeds of the Series 2009 Bonds, the Issuer shall consider the allocation rules set forth in the Regulations, including the rules relating to the Universal Cap. In general, the Universal Cap represents the maximum value of Nonpurpose Investments that may be allocated to an issue of bonds and is determined by reference to the Value of all the outstanding bonds of the issue.

(v) For each Computation Date, the Issuer shall calculate for each Nonpurpose Investment described in paragraph (iii) above, an amount equal to the earnings which would have been received on such Nonpurpose Investment at an interest rate equal to the Yield on the Series 2009 Bonds as described in paragraph (ii) above. The method of calculation shall follow that set forth in the Regulations.

(vi) In determining the amount of any rebate computed pursuant to this section, all earnings on any Bona Fide Debt Service Fund to the extent such earnings do not exceed $100,000 in any Bond year shall not be taken into account.

(vii) For each Computation Date, the Issuer shall calculate the Rebate Amount (computed from the Issue Date of the Series 2009 Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Series 2009 Bonds, taking into account any computation credit allowed thereunder. In determining the Rebate Amount, the Issuer shall account for the amounts determined under paragraphs (iii), (iv), and (v) above.

(viii) If the Rebate Amount exceeds the amount on deposit in the Rebate Account, the Issuer shall immediately pay that amount, or cause that amount to be paid, into the Rebate Account.

2. Payment to United States. (a) Installment Computation Dates. Unless the Series 2009 Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Series 2009 Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Series 2009 Bonds to each such Installment Computation Date).

(b) Final Computation Date. The Issuer shall pay to the United States, not later than sixty (60) days after the last outstanding Series 2009 Bonds are paid or redeemed, one hundred percent (100%) of the Rebate Amount for the Final Computation Date (computed from the date of issuance of the Series 2009 Bonds to the Final Computation Date).

(c) Mailing of Rebate Payment. Each Payment of an installment shall be mailed to the Internal Revenue Service Center, Internal Revenue Service Center, Ogden, Utah 84201-0027. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Series 2009 Bond with the latest maturity.

(d) Excess Balance in Rebate Fund; Excess Rebate Payments. If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate Amount attributable to the Series 2009 Bonds, such excess may be withdrawn by the Issuer from the Rebate Fund. The Issuer may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United States under any procedure that may be permitted by the Code or the Regulations.

(e) Recordkeeping. In connection with the rebate requirement, the Issuer shall maintain (or cause to be maintained) the following records:

(i) The Issuer shall record all amounts paid to the United States pursuant to Section E(2) hereof.

(ii) The Issuer shall retain records of the rebate calculations until six years after the Final Computation Date.

(iii) The Issuer shall keep and record the data described in Section E(1)(c) hereof pertaining to the investment of the proceeds of the Series 2009 Bonds until six years after the Final Computation Date.

3. Rebate Analyst. (a) A Rebate Analyst shall be appointed to perform the rebate calculations, as required herein.

(b) The Issuer may rely conclusively upon the opinions, calculations, determinations, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith.

4. Failure to Pay Rebate Amounts. In the event the Issuer fails to pay at the proper time and in the proper amounts, any Rebate Amount, it will pay the rebate amount plus interest within 180 days after discovery of such failure as set forth in Section 1.148-3(h)(3) of the Regulations. Notwithstanding the foregoing, in the event the Issuer fails to pay at the proper time

and in the proper amount any Rebate Payment or correction amount, it hereby covenants and agrees to pay any penalty required by Internal Revenue Service in lieu of a declaration of taxability on the Series 2009 Bonds.

F. MISCELLANEOUS

1. The amount designated as "Cost of Issuance" of the Series 2009 Bonds consists only of costs which are directly related to and necessary for the issuance of the Series 2009 Bonds.

2. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah. The Form 8038-G attached hereto as EXHIBIT B - FORM 8038-G is, to the best of my knowledge, true and correct, and may be relied upon by Bond Counsel.

3. None of the proceeds of the Series 2009 Bonds will be used (directly or indirectly) in any trade or business carried on by, or will be used to make or finance loans to, any person who is not a governmental unit.

4. The original proceeds of the Series 2009 Bonds will not exceed the amount necessary for the purpose of the issue, except to the extent any such proceeds are required for rebate to the United States.

5. The Issuer shall use the proceeds of the Series 2009 Bonds solely to fund a Reserve Account for the Series 2009 Bonds; to pay the costs of acquisition and construction of the Project; to pay a portion of the interest on the Series 2009 Bonds to June 1, 2009; and to pay costs of issuance thereof.

6. The Issuer shall not permit at any time or times any of the proceeds of the Series 2009 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2009 Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Series 2009 Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder.

7. The Series 2009 Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

8. The Issuer has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Series 2009 Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Series 2009 Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

9. On each Valuation Date, the Issuer agrees to value the Universal Cap and the Nonpurpose Investments allocable to the Series 2009 Bonds thereunder in accordance with the Regulations. Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Series 2009 Bonds as of a Valuation Date shall not be considered a violation of this provision if the application of the Universal Cap would not result in a reduction or reallocation of Gross Proceeds of an issue.

10. [RESERVED]

11. No portion of the proceeds of the Series 2009 Bonds will be used directly or indirectly to replace funds of the Issuer or other related governmental agency that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Series 2009 Bonds.

12. In connection with the Series 2009 Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax and Arbitrage Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Series 2009 Bonds or any contract securing the Series 2009 Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Issuer or related governmental agencies with any registered owner of the Series 2009 Bonds.

13. The Series 2009 Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

14. No other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Series 2009 Bonds or which will be paid directly or indirectly from proceeds of the sale of the Series 2009 Bonds.

15. Gross Proceeds of the Series 2009 Bonds, other than gross proceeds that are allocable to:

(A) the payment of the Costs of Issuance of the Series 2009 Bonds;

(B) the payment of administrative costs allocable to carrying and repaying the Series 2009 Bonds, or the reasonable investments of Proceeds of the Series 2009 Bonds;

(C) amounts deposited in the Sinking Fund (including investment earnings thereon) to pay debt service on the Series 2009 Bonds, if any; and

(D) qualified guarantee fees (within the meaning of the Regulations) for the Series 2009 Bonds;

will not exceed 1% of the Sale Proceeds from the Series 2009 Bonds.

16. The issuance of the Series 2009 Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code and the Regulations thereunder.

17. The Issuer covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2009 Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes.

18. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Series 2009 Bonds from gross income for federal income tax purposes.

19. The Issuer has retained the right to amend the Resolution authorizing the issuance of the Series 2009 Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Series 2009 Bonds from the gross income of the holders thereof.

20. The Issuer shall comply with all yield restrictions on Series 2009 Bond proceeds as set forth in the Code.

21. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Series 2009 Bonds and the interest thereon. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2009 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolution.

22. The Series 2009 Bonds are a fixed yield issue. No interest or other amount payable on any of the Series 2009 Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

23. Under section 1.148-2(b) of the Regulations, an officer of the Issuer must certify the issuer's expectations as of the issue date. In accordance therewith, the undersigned Chairman of the Issuer hereby in good faith certifies that the representations and covenants set forth in this Certificate constitute the reasonable expectations of the Issuer as of the Issue Date. Accordingly, the representations and covenants set forth herein are intended and may be relied upon as the certification described in section 1.148-2(b) of the Regulations and are being delivered as part of the record of proceedings in connection with the issuance of the Series 2009 Bonds.

24. Pursuant to Section 265(b)(3)(D)(ii) of the Code, the Series 2009 Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 200 Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3)(D)(ii) of the Code.

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

26. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Series 2009 Bonds.

27. Notwithstanding any other provision hereof, any provision of this Tax and Arbitrage Certificate shall be amended at any time and such amendment shall be complied with, upon receipt by the Issuer of an opinion of Bond Counsel that such amendment is necessary or permissible under the then current Code and Regulations and is either necessary to or will not adversely affect the excludability of interest on the Series 2009 Bonds from gross income of the recipients thereof for federal income tax purposes.

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

WITNESS my signature this 17th day of February, 2009.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

2.05.09
067780.00011

EXHIBIT A

UNDERWRITER'S CERTIFICATE

[Included in Transcript as Document No. 21]

EXHIBIT B

IRS FORM 8038-G

[Included in Transcript as Document No. 35]

$7,510,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Revenue Bonds, Series 2009 (Bank Qualified)

REGISTRAR'S CERTIFICATE

United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the same meanings set forth in the Resolution of Berkeley County Public Service District (the "Issuer") adopted January 12, 2009, as supplemented (collectively, the "Resolution"):

1. The Bank is a state banking corporation duly organized, validly existing, and in good standing under the laws of the State of West Virginia, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Resolution and to serve in the capacity of Registrar under the Resolution.

2. The Bank has duly authorized, by all necessary action, the authentication of the Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Resolution, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank, such person, in his or her official capacity, was and is authorized to authenticate the Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

Name	Title	Signature
Kathy Smith	Vice President	

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Resolution; the Bonds have been duly authenticated and delivered to the Original Purchaser, and proceeds of the Bonds have been deposited as required by the Resolution.

6. Attached hereto as EXHIBIT A is a correct listing of the Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Bonds.

[Remainder of Page Intentionally Blank]

WITNESS my signature on this 17th day of February, 2009.

UNITED BANK, INC.

By: _____
Its: Authorized Officer

2.05.09
067780.00011

CH5015317.1

EXHIBIT A

SERIES 2009 BOND TERMS

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED)

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.
R-1	2010	$280,000	2.000%	2.000%	084246FM4
R-2	2011	$290,000	2.200%	2.200%	084246 FN2
R-3	2012	$295,000	2.400%	2.400%	084246 FP7
R-4	2013	$250,000	2.600%	2.600%	084246 FQ5
R-5	2014	$255,000	2.800%	2.800%	084246 FR3
R-6	2015	$265,000	2.800%	2.900%	084246 FS1
R-7	2016	$270,000	3.000%	3.100%	084246 FT9
R-8	2017	$660,000	3.000%	3.150%	084246 FU6
R-9	2018	$680,000	3.200%	3.300%	084246 FV4
R-10	2021	$610,000	4.000%	4.100%	084246 FW2
R-11	2023	$455,000	4.125%	4.250%	084246 FX0
R-12	2025	$495,000	4.250%	4.400%	084246 FY8
R-13	2026	$865,000	4.375%	4.440%	084246 FZ5
R-14	2027	$900,000	4.400%	4.500%	084246 GA9
R-15	2028	$940,000	4.400%	4.550%	084246 GB7

RESOLUTION OF THE BOARD OF DIRECTORS OF UNITED BANK, INC.

WHEREAS, the Directors of United Bank, Inc. (the "Bank") on May 23, 1989 authorized the Bank's undertaking certain corporate trust indentures, agreements and related documentation and actions and authorized certain officers to enter into and carry out the same on behalf of the Bank; and

WHEREAS, further formalization of the Board of Directors authorizations with respect to corporate trusts, through the adoption and ratification of the following resolutions, is in the best interests of the Bank;

NOW, THEREFORE, BE IT RESOLVED:

FIRST: That Richard M. Adams, Jr., President, John Neuner, III, Executive Vice President, Lyle Smith, Senior Vice President, Kathy Smith, Vice President, Jane T. Sargent, Vice President, I. William Snider, III, Vice President, Nicholas Oxley, Assistant Vice President, Howard Anderson, Vice President, and Catherine Houser, Vice President ("Authorized Officers") be, and each of them are, hereby authorized and directed to accept, on behalf of the Bank, its appointment as trustee, paying agent or registrar, or any combination of such offices, under bond or note trust indentures and similar indentures and trust agreements, and to execute and deliver such indentures, agreements, documents and writings ("Corporate Trust Documents") establishing the Bank's duties and evidencing the Bank's acceptance actions in connection with establishing and accepting such duties, as such Authorized Officer determines to be necessary or appropriate, such determination to be conclusively evidenced by such officer's execution and delivery thereof and the taking of such other actions; and

SECOND: That the Authorized Officers of the Bank be, and each of them are, hereby authorized to execute and deliver on behalf of the Bank, as trustee, any such further agreements, certificate and documents ("Related Documents") and to take such further action necessary or incidental to carrying out the Bank's duties under Corporate Trust Documents, whether as trustee, paying agent or registrar for notes, bonds or other obligations ("Bonds") that are the subject of the Corporate Trust Documents, or otherwise, including but not limited to any certificate of registration and authentication on any Bonds; and

THIRD: The Secretary or any Assistant Secretary be, and each of them is, hereby authorized to affix the seal of the Bank to any Corporate Trust Documents authorized by these resolutions and to attest the same; and

FOURTH: That, for the purpose of affixing the seal of the Bank and attesting thereto upon Corporate Trust Documents authorized by these resolutions, and for any and all matters and actions related thereto or the Bank's duties thereunder, Richard M. Adams, Jr., John Neuner, III, Lyle Smith, Kathy Smith, Jane T. Sargent, I. William Snider, III, Nicholas Oxley, Howard Anderson, and Catherine Houser be, and each of them are, hereby appointed as an Assistant Secretary of the Bank; and

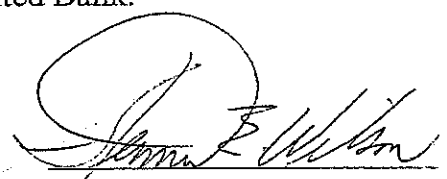
FIFTH: That any Authorized Officer of the Bank be, and each of them are, hereby authorized to sign as an "Authorized Officer" of the Bank, as trustee, and to take such other actions, as may be required or contemplated by the Corporate Trust Documents or as otherwise may be necessary or incidental to implementing the terms and provisions thereof or carrying out the Bank's duties as trustee, paying agent or registrar with respect thereto; and

SIXTH: That these resolutions be and each of them are, hereby deemed to be effective as of September 26, 2008.

I Steven E. Wilson, Secretary of the Board of Directors, do certify that the above is a true copy of the Resolution adopted at a regular meeting of the Board of Directors of United Bank, Inc. (the "Board") held on September 26, 2008, and that said Resolution is in full force and effect.

United Bank.

Dated: September 26, 2008

By: 
Steven E. Wilson
Secretary of the Board of Directors

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January 25, 2002

Sandra M. Murphy
Telephone — (304) 347-1131
Facsimile — (304) 343-3058

E-mail Address:
smurphy@bowlesrice.com

VIA HAND DELIVERY

Honorable Larry A. Stark
Commissioner
West Virginia Division of Banking
and Financial Institutions
1900 Kanawha Boulevard, East
Building #3, Room 311
Charleston, West Virginia 25305-0240

Re: United National Bank, Inc. - Compliance with
Applicable State and Federal Laws and Notification of Conversion to OCC

Dear Commissioner Stark:

We have been retained as counsel for United National Bank, Inc. ("UNB") in connection with its proposed conversion from a national bank to a state chartered bank. The conversion will be accomplished by merging UNB with United Bank, Inc., an interim state-chartered bank, with United Bank, Inc. surviving the merger.

As a basis for the opinions expressed herein, we have examined and are familiar with all the applications related to UNB's conversion to a state-chartered bank which are required to be filed with the federal regulatory authorities, including, but not limited to the Interagency Bank Merger Application and Form FRY-3N - Notification to the Board of Governors of the Federal Reserve System. We have also reviewed the letter of intent from UNB addressed to the West Virginia Board of Banking and Financial Institutions to convert to a state bank and the Board's written instructions concerning the conversion. Further, we have reviewed such corporate documents and records of UNB which we deemed relevant to the conversion and this opinion. We have also relied on oral representations by state and federal regulators concerning the waiver of certain regulatory filing requirements as reflected in these filings.

It is our opinion that UNB's conversion from a national bank to a state-chartered bank is in compliance with federal and state law. In addition, UNB has taken the proper steps to notify the Office of the Comptroller of the Currency of its intent to convert to a state bank by mailing the enclosed notice on January 25, 2002.

This letter is submitted in connection with the application by UNB to convert from a national bank to a state-chartered bank and may not be used for any other purpose without our express permission.

Very truly yours,

Bowles Rice McDavid Graff & Love PLLC

Sandra M. Murphy

SMM/aja
cc: Steven E. Wilson
Donald J. Landers

COPY

333 West Vine Street, Suite 1200
Lexington, Kentucky 40507
Telephone (859) 225-8700

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3 West Piccadilly Street
Winchester, Virginia 22601
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January 25, 2002

Sandra M. Murphy
Telephone — (304) 347-1131
Facsimile — (304) 343-3058

E-mail Address:
smurphy@bowlesrice.com

Honorable Larry A. Stark
Commissioner
West Virginia Division of Banking
and Financial Institutions
1900 Kanawha Boulevard, East
Building #3, Room 311
Charleston, West Virginia 25305-0240

VIA HAND DELIVERY

Re: United National Bank, Inc. - Compliance with Applicable State Fiduciary Laws and Notification of Conversion to OCC

Dear Commissioner Stark:

We have been retained as counsel for United National Bank, Inc. ("UNB") in connection with its proposed conversion from a national bank to a state chartered bank. The conversion will be accomplished by merging UNB with United Bank, Inc., an interim state-chartered bank, with United Bank, Inc. surviving the merger.

We are aware that UNB has been granted and exercises fiduciary powers pursuant to 12 U.S.C. 92a and 12 C.F.R. § 9. Pursuant to this statutory and regulatory authority, UNB is authorized to operate in the same capacity as fiduciaries are permitted to operate in the states were UNB conducts its trust activities. UNB has been examined regularly by the Office of the Comptroller of the Currency, its primary regulator, and to our knowledge is in material compliance with state and federal law. Accordingly, to the best of our knowledge, we are of the opinion that UNB's current fiduciary activities are not in contravention of state law.

We offer no opinion concerning any laws relating to fraud or similar laws.

This letter is submitted in connection with the application by UNB to convert from a national bank to a state-chartered bank and may not be used for any other purpose without our express permission.

Very truly yours,

Bowles Rice McDavid Graff & Love PLLC

Sandra M. Murphy

SMM/jam
cc: Steven E. Wilson
Donald J. Landers

kwiktag® 077 411 631

State of West Virginia

Certificate

I, Betty Ireland, Secretary of State of the State of West Virginia, hereby certify that

Restated Articles of Incorporation of

UNITED BANKSHARES, INC.

are filed in my office as required by the provisions of the West Virginia Code and are found to conform to law. Therefore, I issue this

RESTATED CERTIFICATE OF INCORPORATION

Given under my hand and the Great Seal of the State of West Virginia on this day of December 31, 2008

Betty Ireland

Secretary of State

FILED

DEC 3 1 2008

IN THE OFFICE OF
SECRETARY OF STATE
WEST VIRGINIA

AMENDED AND RESTATED ARTICLES OF INCORPORATION OF UNITED BANKSHARES, INC.

Pursuant to the provisions of Section 1007, Article 10, Chapter 31D of the Code of West Virginia, as amended, the undersigned Corporation hereby adopts the following Amended and Restated Articles of Incorporation FILED IN DUPLICATE:

I. The name of the Corporation is United Bankshares, Inc.

II. The address of the principal office of the Corporation is 500 Virginia Street, East, Charleston, Kanawha County, West Virginia 25301.

III. The purposes for which the Corporation is formed are as follows:

To transact any or all lawful business for which corporations may be incorporated under the corporation laws of the State of West Virginia.

IV. Provisions granting preemptive rights are:

That no shareholder of this corporation shall, because of his ownership of stock in the corporation, have any preemptive or other right to purchase, subscribe for, or take any part of any stock, whether unissued or treasury shares, or any part of the notes, debentures, bonds or other securities of this corporation issued, optioned or sold by it after its incorporation. Any part of the capital stock and any part of the notes, debentures, bonds or other securities convertible into or carrying options or warrants to purchase stock of this corporation authorized by this certificate of incorporation or by any amended certificate hereafter issued, may at any time be issued, optioned for sale, and sold or disposed of by this corporation pursuant to resolution or order of its Board of Directors to such person or persons, and upon such terms and offering such stock or securities, or any part thereof to existing shareholders.

V. Provisions for the regulation of the internal affairs of the corporation are:

Each director and officer of this corporation, or former director or officer of this corporation, or any person who may have served at its request as a director or officer of another

corporation, his heirs and personal representatives, shall be indemnified by this corporation against costs and expenses at any time reasonably incurred by him arising out of or in connection with any claim, action, suit or proceeding, civil or criminal, against him or to which he may be made a party by reason of his being or having been such director or officer except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of a duty to the corporation. If in the judgment of the board of directors of this corporation a settlement of any claim, action, suit or proceeding so arising be deemed in the best interests of the corporation, any such director or officer shall be reimbursed for any amounts paid by him in effecting such settlement and reasonable expenses incurred in connection therewith. The foregoing right of indemnification shall be in addition to any and all other rights to which any director or officer may be entitled as a matter of law.

VI. A. The amount of authorized capital stock of the Corporation is Three Hundred Million Dollars ($300,000,000.00), which shall be divided into One Hundred Million (100,000,000.00) shares of common stock with the par value of Two Dollars and Fifty Cents ($2.50) per share and Fifty Million (50,000,000) shares of preferred stock with the par value of One Dollar ($1.00) per share.

B. The authorized shares of preferred stock of the Corporation may be issued from time to time in one or more series as determined by the Corporation's Board of Directors, which is also authorized to determine the number of shares authorized for issuance in each series.

C. All shares of a series of preferred stock shall have preferences, limitations, and relative rights identical with those of other shares of the same series. The Board of Directors is authorized to determine the preferences, limitations, and relative rights of each series of shares, including but not limited to authorizing one or more series of preferred stock that:

1. Have special, conditional or limited voting rights, or no right to vote, except to the extent prohibited by Chapter 31D of the West Virginia Code;

2. Are redeemable or convertible: (a) at the option of the Corporation, the shareholder, or another person or upon the occurrence of a designated event; (b) for cash, indebtedness, securities, or other property; or (c) in a designated amount or in an amount determined in accordance with a designated formula or by reference to extrinsic data or events;

3. Entitle the holders to distributions calculated in any manner, including dividends that may be cumulative, noncumulative, or partially cumulative; or

4. Have preference over any other class of shares with respect to distributions, including dividends and distributions upon the dissolution of the corporation.

D. The preferences, limitations, and relative rights of each series of preferred shares shall be determined by the Board of Directors before issuing such shares and shall be expressed in articles of amendment that shall be effective without shareholder approval and shall be delivered to the Secretary of State of the State of West Virginia for filing pursuant to Chapter 31D, Article 6, Section 602 of the West Virginia Code, as amended, and as otherwise permitted by Chapter 31D, Article 8, Section 825 of the West Virginia Code, as amended.

VII. The number of directors constituting the current board of directors is fourteen (14).

VIII. The existence of this Corporation is to be perpetual.

IX. These Amended and Restated Articles of Incorporation shall be effective immediately upon filing.

The foregoing Amended and Restated Articles of Incorporation restate and integrate and further amend the Restated Articles of Incorporation of the Corporation.

Dated: December 23, 2008

UNITED BANKSHARES, INC.

By: _____
Its: Chairman of the Board and
Chief Executive Officer

ATTEST:

By: _____
Its: Secretary

[SEAL]

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, Katherine E. Goodwin, a notary public in and for the State and County aforesaid, do hereby certify that on this day there personally appeared before me Richard M. Adams, being by me first duly sworn, declared that he is Chairman of the Board and Chief Executive Officer of United Bankshares, Inc., that he signed the foregoing document as Executive Vice President of that corporation, and that to the best of his knowledge and belief the statements contained therein are true and correct.

IN TESTIMONY WHEREOF, witness my signature and notarial seal this 23rd day of December, 2008.

Katherine E. Goodwin
Notary Public

My commission expires: November 1, 2017

[SEAL]
Official Seal
Notary Public, State of West Virginia
Katherine E. Goodwin
United Bank, Inc.
514 Market Street
Parkersburg, WV 26101
My commission expires Nov. 1, 2017

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, Katherine E. Goodwin, a notary public in and for the State and County aforesaid, do hereby certify that on this day there personally appeared before me Steven E. Wilson, being by me first duly sworn, declared that he is Secretary of United Bankshares, Inc., that he signed the foregoing document as Secretary of that corporation, and that to the best of his knowledge and belief the statements contained therein are true and correct.

IN TESTIMONY WHEREOF, witness my signature and notarial seal this 23rd day of December, 2008.

Katherine E. Goodwin
Notary Public

My commission expires: November 1, 2017

[SEAL]
Official Seal
Notary Public, State of West Virginia
Katherine E. Goodwin
United Bank, Inc.
514 Market Street
Parkersburg, WV 26101
My commission expires Nov. 1, 2017

CERTIFICATE AS TO AMENDED AND RESTATED ARTICLES OF INCORPORATION

Pursuant to the provisions of inter alia, Section 1007, Article 10, Chapter 31D of the Code of West Virginia, as amended, the undersigned Corporation executes the following certificate:

1. The name of the Corporation is United Bankshares, Inc.

2. The Amendment to these Amended and Restated Articles of Incorporation was adopted on December 23, 2008.

3. At the time of the adoption of these Amended and Restated Articles of Incorporation the number of shares outstanding was 43,409,832. The total of the shares entitled to vote on the adoption of the Amendment to the Amended and Restated Articles of Incorporation, and the vote of the shares, was:

Total Number of Shares Entitled to Vote	Number of Shares For	Voted Against
43,385,459	24,084,483	6,116,688

4. The Amended and Restated Articles of Incorporation restate and integrate and further Amend the Restated Articles of Incorporation of the Corporation, as previously amended, by increasing the authorized capital stock of the Corporation to Three Hundred Million Dollars ($300,000,000) from Two Hundred Fifty Million Dollars ($250,000,000) and creating Fifty Million (50,000,000) shares of preferred stock with a par value of One Dollar ($1.00) per share and providing that the Board of Directors of the Corporation are authorized to determine the preferences, limitations and relative rights of (i) any preferred stock before the issuance of any shares of preferred stock and (ii) one or more series of preferred stock before the issuance of any shares of that series.

Dated: December 23, 2008

UNITED BANKSHARES, INC.

By: _____
Its: Chairman of the Board and
Chief Executive Officer

ATTEST:

By: _____
Its: Secretary

[SEAL]

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, Katherine E. Goodwin, a notary public in and for the State and County aforesaid, do hereby certify that on this day there personally appeared before me Richard M. Adams, being by me first duly sworn, declared that he is Chairman of the Board and Chief Executive Officer of United Bankshares, Inc., that he signed the foregoing document as Executive Vice President of that corporation, and that to the best of his knowledge and belief the statements contained therein are true and correct.

IN TESTIMONY WHEREOF, witness my signature and notarial seal this 23rd day of December, 2008.

Katherine E. Goodwin
Notary Public

My commission expires: November 1, 2017

[SEAL]

Official Seal
Notary Public, State of West Virginia
Katherine E. Goodwin
United Bank, Inc.
514 Market Street
Parkersburg, WV 26101
My commission expires Nov. 1, 2017

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, Katherine E. Goodwin, a notary public in and for the State and County aforesaid, do hereby certify that on this day there personally appeared before me Steven E. Wilson, being by me first duly sworn, declared that he is Secretary of United Bankshares, Inc., that he signed the foregoing document as Secretary of that corporation, and that to the best of his knowledge and belief the statements contained therein are true and correct.

IN TESTIMONY WHEREOF, witness my signature and notarial seal this 23rd day of December, 2008.

Katherine E. Goodwin
Notary Public

My commission expires: November 1, 2017

[SEAL]

Official Seal
Notary Public, State of West Virginia
Katherine E. Goodwin
United Bank, Inc.
514 Market Street
Parkersburg, WV 26101
My commission expires Nov. 1, 2017

CERTIFICATE TO
SECRETARY OF STATE OF WEST VIRGINIA
UNITED BANKSHARES, INC.

Below are the current officers for United Bankshares, Inc.

Chairman of the Board and Chief Executive Officer:	Richard M. Adams	Corporate Address for all Officers:
Executive Vice President/Secretary, Treasurer and Chief Financial Officer:	Steven E. Wilson	United Bankshares, Inc. 514 Market Street Parkersburg, WV 26102
Executive Vice Presidents:	Richard M. Adams, Jr. James J. Consagra, Jr. James B. Hayhurst, Jr. Joe L. Wilson	

By: Richard M. Adams
Its: Chairman of the Board and Chief Executive Officer

[SEAL]

By: Steven E. Wilson
Its: Secretary

STATE OF WEST VIRGINIA
COUNTY OF WOOD, to wit:

Richard M. Adams, Chairman of the Board and Chief Executive Officer, and Steven E. Wilson, Secretary, of United Bankshares, Inc., a West Virginia corporation, on behalf of the corporation, being first duly sworn, upon their oath, say that they have read and know the contents of the foregoing statement, and upon their oath say that the facts and allegations contained are true and correct.

Taken, subscribed and sworn to before me this 23rd day of December, 2008.

My Commission Expires: November 1, 2017.

Katherine E. Goodwin
Notary Public

[SEAL]

Official Seal
Notary Public, State of West Virginia
Katherine E. Goodwin
United Bank, Inc.
514 Market Street
Parkersburg, WV 26101
My commission expires Nov. 1, 2017

2386656.1

BYLAWS

OF

UNITED BANK, INC.

ARTICLE I. OFFICES

The principal office of the corporation in the State of West Virginia shall be located in the City of Parkersburg, County of Wood. The corporation may have such other office or offices, and transact business, either within or without the State of West Virginia, as the board of directors may designate or as the business of the corporation may require from time to time.

ARTICLE II. SHAREHOLDERS

SECTION 1. Annual Meeting. The regular annual meeting of the shareholders to elect directors and transact whatever other business may properly come before the meeting, shall be held at the main office of the corporation, 514 Market Street, Parkersburg, State of West Virginia or such other place as the board of directors may designate on the third Monday of May of each year, or if that date falls on a legal holiday in the state in which the corporation is located, on the next following banking day. Notice of the meeting shall be mailed by first class mail, postage prepaid, at least 10 days and no more than 60 days prior to the date thereof, addressed to each shareholder at his/her address appearing on the books of the corporation. If, for any cause, an election of directors is not made on that date, or in the event of a legal holiday, on the next following banking day, an election may be held on any subsequent day within 60 days of the date fixed, to be designated by the board of directors, or, if the directors fail to fix the date, by shareholders representing two-thirds of the shares.

SECTION 2. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or by and at the request of the holders of not less than ten percent (10%) of all the outstanding shares of the corporation entitled to vote at the meeting. Every such special meeting, unless otherwise provided by law, shall be called by mailing, postage prepaid, not less than 10 days nor more than 60 days prior to the date fixed for the meeting, notice of the time, place and purpose of the meeting to each shareholder at the address appearing on the books of the corporation a notice stating the purpose of the meeting.

If an annual or special shareholders' meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time or place, if the new date, time or place is announced at the meeting before adjournment, unless any additional items of business are to be considered, or the corporation becomes aware of an intervening event materially affecting any matter to be voted on more than 10 days prior to the date to which the meeting is adjourned.

SECTION 3. Written Agreement in Lieu of Meeting. Whenever the vote of shareholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such shareholders may be dispensed with if all of the shareholders who would have been entitled to vote upon the action, if such meeting were held, shall agree in writing to such corporate action being taken, and such agreement shall have like effect and validity as though the action were duly taken by the unanimous action of all shareholders entitled to vote at a meeting of such shareholders duly called and legally held.

SECTION 4. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors of the corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty (50) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty (50) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

SECTION 5. Voting Lists. The officer or agent having charge of the stock transfer books for shares of the corporation shall make a complete record of the shareholders entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which list shall be kept on file at the office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original stock transfer book shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders. A copy of the stock transfer book shall be made on the first Monday in July of each year and verified by the oath of the president, secretary, or other executive officer and immediately transmitted to the West Virginia commissioner of banking at his office.

SECTION 6. Quorum. At all meetings of the shareholders, a quorum of the shareholders shall consist of a majority of all the shares of stock entitled to vote, represented by the holders thereof in person or represented by proxy. If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders.

If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

SECTION 7. Organization. The president shall call meetings of the shareholders to order and shall act as chairman of such meeting. The shareholders present may appoint any shareholder to act as chairman of any meeting in the absence of the president or with his consent if present.

The secretary of the corporation shall act as secretary of all meetings of the shareholders. In the absence of the secretary at any such meeting, the presiding officer may appoint any person to act as secretary thereof and to keep a record of the proceedings.

SECTION 8. Nominations of Directors. Nominations for election to the board of directors may be made by the board of directors or by any stockholder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Nominations, other than those made by or on behalf of the existing management of the corporation, shall be made in writing and shall be delivered or mailed to the president of the corporation not less than 14 days nor more than 50 days prior to any meeting of shareholders called for the election of directors, provided that, however, that if less than 21 days' notice of the meeting is given to shareholders, such nomination shall be mailed or delivered to the president of the corporation no later than the close of business on the seventh day following the day on which the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying shareholder:

(1) The name and address of each proposed nominee.

(2) The principal occupation of each proposed nominee.

(3) The total number of shares of capital stock of the corporation that will be voted for each proposed nominee.

(4) The name and residence address of the notifying shareholder.

(5) The number of shares of capital stock of the corporation owned by the notifying shareholder.

Nominations not made in accordance herewith may, in his/her discretion, be disregarded by the chairperson of the meeting, and upon his/her instructions, the vote tellers may disregard all votes cast for each such nominee.

SECTION 9. Judges of Election. Every election of directors shall be managed by three judges, who shall be appointed from among the shareholders by the board of directors. The judges of election shall hold and conduct the election at which they are appointed to serve. After the election, they shall file with the secretary a certificate signed by them, certifying the result thereof and the names of the directors elected. The judges of election, at the request of the chairperson of the meeting, shall act as tellers of any other vote by ballot taken at such meeting, and shall certify the result thereof.

SECTION 10. Cumulative Voting. At each election for directors every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates, and the directors shall not be elected in any other manner, except as provided in Article III, Section 16, of the Bylaws.

Except as otherwise provided in the preceding paragraph, or in the Articles of Incorporation of the corporation, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

SECTION 11. Proxies. At all meetings of shareholders, a shareholder may vote in person or by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

SECTION 12. Voting of Shares by Certain Holders. Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the Bylaws of such corporation may prescribe, or, in the absence of such provisions, as the board of directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Shares of its own stock belonging to the corporation shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

SECTION 13. Examining Committee. At the annual meeting of shareholders, the shareholders, present in person or by proxy shall elect an examining committee composed of not less than three nor more than five persons, each of whom shall be a shareholder either in the corporation or, if such corporation is controlled by a bank holding company, in that bank holding company. At such time or times as it may be directed to do so by the written request of the board of directors or the West Virginia commissioner of banking, such committee shall immediately proceed to examine the condition of the bank and, upon completion of such examination, shall file its report in writing with the board of directors. Such report shall set forth in detail all items included in the assets of the bank which the committee has reason to believe are not of the value at which they appear on the books and records of the bank, and shall give the value of each of such items according to its judgment. The board of directors shall cause such report to be retained as a part of the records of the bank and shall transmit a duly authenticated copy thereof to the West Virginia commissioner of banking. With the consent and approval of the shareholders, such committee may employ registered or certified public accountants to make such examination or make the same in conjunction with any official examination made by any supervisory authority. The workpapers of any audit, including any materials associated with an audit of the bank's electronic data procedures, shall be made available to the West Virginia commissioner of banking or to the examiners of the West Virginia department of banking upon request. Any official examiner of the West Virginia department of banking may require the presence of the examining committee or the executive committee during his examination.

ARTICLE III. BOARD OF DIRECTORS

SECTION 1. Powers. The business and property of the corporation shall be managed and controlled by the board of directors to be elected at each regular annual meeting of the corporation. Except as expressly limited by law, all corporate powers of the corporation shall be vested in and may be exercised by the board.

SECTION 2. Qualifications. Every director must, during the term of his or her service, be a citizen of the United States. In addition, a majority of the directors must reside in West Virginia. Every director must own capital stock in the banking institution of which he or she is a director. Said director must own shares in the aggregate par value of not less than five hundred dollars, an exception being that if a bank holding company has control of the banking institution, shares owned by a director of the subsidiary bank in the controlling bank holding company will satisfy the requirements of this section: Provided, That the director owns, in his or her own right, common or preferred stock of the controlling bank holding company in an amount equal to or greater than any one of the following: (i) Aggregate par value of five hundred dollars; (ii) aggregate shareholders' equity of five hundred dollars; or (iii) aggregate fair market value of five hundred dollars. Determination of the fair market value of the controlling bank holding company's stock shall be based upon the value of that stock on the date it was purchased or on the date the person became a director, whichever is greater. Any director who ceases to be the owner of the required number of shares of stock or who becomes disqualified in any other manner, shall thereby vacate his directorship. In addition, no person shall serve as a director who has evidenced personal dishonesty and unfitness to serve as such director by his or her conduct or practice with another financial institution which resulted in a substantial financial loss or damage thereto or who has been convicted of any crime involving personal dishonesty.

SECTION 3. Oath. Each director shall take an oath that he or she will, so far as the duty devolves upon him or her, diligently and honestly administer the affairs of the corporation, and will not knowingly violate or willingly permit to be violated any of the laws of West Virginia relative to the banking and banking institutions, and that he or she is the owner in good faith, and in his or her own right, of the number of shares of stock required by Article III, Section 2, and that the same is not hypothecated, or in any way pledged, as security for any loan or debt. The oath shall be taken before a notary public or before any other officer having an official seal and authorized by the State of West Virginia to administer oaths, except that the oath shall not be taken before any such notary public or other officer who is an officer of the corporation. The oath, subscribed by the director making it, and certified by the notary public or other officer before whom it is taken, shall be immediately forwarded to the Secretary of the Board of the Commissioner of Banking of the State of West Virginia for filing in his office.

Should a director fail to subscribe to or renew the oath hereinabove required within sixty days after notice of his or her election or re-election, or at any time after qualifying as such, sell or dispose of, or in any manner hypothecate or pledge as security for a debt or obligation, such qualifying shares, or any number thereof, necessary for his or her qualification, thereupon the remaining directors shall elect another director in his or her stead.

SECTION 4. Number. The board shall consist of no less than five nor more than twenty-five persons, the exact number within such minimum and maximum limits to be fixed and determined from time to time by resolution of a majority of the full board or by resolution of a majority of the shareholders at any meeting thereof. Each director shall hold office from the time of

his election until the next regular annual meeting of the shareholders of the corporation, or until his successor is elected and qualified, or until he is removed by a vote of the stockholders.

SECTION 5. Organization Meeting. The secretary, upon receiving the certificate of the judges, of the result of any election, shall notify the directors-elect of their election and of the time at which they are required to meet at the main office of the corporation to organize the new board and elect and appoint officers of the corporation for the succeeding year. Such meeting shall be held on the day of the election or as soon thereafter as practicable, and, in any event, within 30 days thereof. If, at the time fixed for such meeting, there shall not be a quorum, the directors present may adjourn the meeting, from time to time, until a quorum is obtained.

SECTION 6. Regular Meetings. The regular meetings of the board of directors shall be held as reasonably determined by the board of directors by resolution. Notice will be given at a previous meeting, by telephone, by letter or verbally to members regarding the date, time and place of the meeting.

SECTION 7. Special Meetings. Special meetings of the board of directors may be called by the chairperson of the corporation, or at the request of one or more directors. Each member of the board of directors shall be given notice stating the time and place by telegram, first class mail, or in person, of each special meeting.

SECTION 8. Notice. No written notice shall be required of the regular meeting of the board of directors. Notice of any special meeting shall be given at least three (3) days previously thereto by written notice delivered personally or mailed to each director at his last known address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The presence of any director at a meeting shall constitute a waiver of notice of such meeting as to that director, except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting except that such notice must set forth the nature of the business intended to be transacted if such business is (a) amending the Bylaws or (b) authorizing the sale of all or substantially all of the assets of the corporation.

SECTION 9. Quorum. A majority of the director positions on the board shall constitute a quorum at any meeting, except when otherwise provided by law, or the Bylaws, but a lesser number may adjourn any meeting, from time to time, and the meeting may be held, as adjourned, without further notice. If the number of directors is reduced below the number that would constitute a quorum, no business may be transacted, except selecting directors to fill vacancies in conformance with Article III, Section 16. If a quorum is present, the board of directors may take action through the vote of a majority of the directors who are in attendance.

SECTION 10. Written Agreement in Lieu of Meeting. Whenever the vote of directors at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such directors may be dispensed with if all of the directors shall consent and agree in writing to such corporate action being taken, and such agreement (which shall set forth the action so taken and be signed by all of the directors) shall have like effect and validity as though the action were duly taken by the unanimous action of all directors at a meeting of such directors duly called and legally held.

SECTION 11. Chairperson of the Board. At all meetings of the board of directors, the chairperson of the board or in his absence, any director elected by the directors present, shall preside. The secretary or any person appointed by the directors present, shall keep a record of the proceedings. The records shall be verified by the signature of the person acting as chairperson of the meeting.

SECTION 12. Compensation. By resolution of the board of directors, each director who is not an employee of the corporation may be paid his expenses, if any, of attendance at each meeting of the board of directors, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the board of directors or both.

SECTION 13. Presumption of Assent. A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 14. Ratification by Shareholders. The board of directors, in its discretion, may submit any contract or act for approval or ratification at any annual meeting of the shareholders or any general or special meeting called for the purpose of considering any contract or act; and any contract or act which shall be approved and ratified by the vote of the holders of a majority in interest of the capital stock of the corporation that is represented in person or by proxy at such meeting, providing only that a quorum of the shareholders be either so represented in person or by proxy, shall be as valid and binding upon the corporation and upon all the stockholders as though it had been approved and ratified by each and every shareholder of the corporation.

SECTION 15. Election of Officers and Committees. The board of directors shall elect the officers hereinafter provided for in Article IV, Section 1 of these Bylaws, and in case of the absence of the president and/or the vice president, the board may appoint a president pro tempore who for the time shall discharge the official duties of the president, and the board of directors shall determine what is such absence as will justify the election of the president pro tempore.

The board of directors, by resolution adopted by a majority of the full board of directors, may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in such resolution, shall have and may exercise all the authority of the board of directors, except in reference to amending the Articles of Incorporation, adopting a plan of merger or consolidation, filling a vacancy on the board of directors or any of its committees, authorizing distribution of assets or dividends, recommending to the shareholders the sale, lease, exchange or other disposition of all or substantially all the property and assets of the corporation otherwise than in the usual and regular course of its business, recommending to the shareholders a voluntary dissolution of the corporation or a revocation thereof, adopting, amending or repealing the Bylaws of the corporation or any other action that requires the approval of the shareholders. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the board of directors, or any member thereof, of any responsibility imposed by law.

The board of directors must formally ratify written policies authorized by committees of the board before they become effective. Each committee must have one or more member(s), who serve at the pleasure of the board of directors. Provisions of the Articles of Incorporation and Bylaws governing place of meetings, notice of meeting, quorum, and voting requirements of the board of directors, apply to committees and their members as well. The creation of a committee and appointment of members to it must be approved by the board of directors.

SECTION 16. Vacancies. Any vacancies existing in the board of directors and any directorship to be filled by reason of an increase in the number of directors unless the Articles of Incorporation or Bylaws provide that a vacancy shall be filled in some other manner, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by the board of directors for a term of office continuing only until the next election of directors by the shareholders.

SECTION 17. Removal. At a meeting of shareholders called expressly for that purpose, any director or the entire board of directors may be removed, with or without cause, by a vote of the holders of a majority of the shares entitled to vote at an election of directors. If less than the entire board is to be removed, no one of the directors may be removed if the votes cast against his removal would be sufficient to elect him.

ARTICLE IV. OFFICERS

SECTION 1. Number. The officers of the corporation shall be a president, a secretary, an assistant secretary and a treasurer, and may be one or more vice presidents, each of whom shall be elected by the board of directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the board of directors.

One person may hold more than one office, except that the president and secretary shall not be the same person. No officer shall execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law or the Bylaws to be executed, acknowledged and verified or countersigned by two or more officers.

SECTION 2. Election and Term of Office. The officers of the corporation to be elected by the board of directors shall be elected annually by the board of directors at the annual meeting of the board of directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Removal. Any officer or agent may be removed by the board of directors whenever in its judgment, the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors at a special meeting for the unexpired portion of the term. Any vacancy occurring in the office of president shall be filled promptly by the board of directors.

SECTION 5. Chairperson of the Board. The chairperson of the board shall preside at all meetings of the board of directors. The chairperson of the board shall supervise the carrying out of the policies adopted or approved by the board; shall have general executive powers, as well as the specific powers conferred by these Bylaws; and shall have and may exercise such further powers and duties as from time to time may be conferred upon, or assigned by the board of directors.

SECTION 6. President. The board of directors shall appoint one of its members to be the president of the corporation. The president of the bank shall be a member of the board and shall be the chairperson thereof, but the board may designate a director in lieu of the president to be chairperson of the board. In the absence of the chairperson, if the president has not been named as the chairperson, the president shall preside at any meeting of the board. The president shall have general executive powers, and shall have and may exercise any and all other powers and duties pertaining by law, regulation, or practice, to the office of president, or imposed by these Bylaws. The president shall also have and may exercise such further powers and duties as from time-to-time may be conferred, or assigned by the board of directors.

SECTION 7. Vice President. The board of directors may appoint one or more vice presidents. Each vice president shall have such powers and duties as may be assigned by the board of directors. One vice president shall be designated by the board of directors, in the absence of the president, to perform all the duties of the president.

SECTION 8. Secretary. The board of directors shall appoint a secretary, cashier, or other designated officer who shall be secretary of the board and of the corporation, and shall: (a) keep the minutes of the proceedings of the shareholders and of the board of directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the secretary by such shareholder; (e) sign with the president, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the board of directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the board of directors.

SECTION 9. Treasurer. The treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositaries as shall be selected in accordance with the provisions of Article V of these Bylaws; (c) keep accurate accounts, in such form as may be approved by the board of directors, of all the financial transactions of the corporation, and shall close said accounts and balance said books of account at least once in each year; (d) whenever required by the president, the vice president, or by the board of directors, render a report of all moneys received and disbursed by the corporation and of the financial condition of the corporation; and (e) in general perform all of the duties as from time to time may be assigned to him by the president or by the board of directors.

SECTION 10. General Provisions. Directors shall direct and require good and sufficient fidelity bonds on all active officers and employees, whether or not they draw salary or compensation, which bonds shall provide for indemnity to the corporation on account of any losses sustained by it as the result of any dishonest, fraudulent or criminal act or omission committed or omitted by them acting independently or in collusion or combination with any person or persons. Such bonds may be in individual, schedule or blanket form, and the premiums therefor shall be paid by the corporation.

Any duty authorized, provided and/or required to be performed by any officer of this corporation may be performed by his duly authorized assistant.

SECTION 11. Salaries. The salaries of the officers shall be fixed from time to time by the board of directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

ARTICLE V. CONTRACTS AND ACCOUNTS

SECTION 1. Contracts. The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors.

ARTICLE VI. CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. Certificates for Shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the board of directors. Such certificates shall be signed by the president and by the secretary or by such other officers authorized by law and by the board of directors so to do, and sealed with the corporate seal or a facsimile thereof. The signatures of the president and the secretary or such other officers upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued pursuant to Section 4 of this Article. Each certificate shall recite on its face that the stock represented thereby is transferable only upon the books of the corporation.

SECTION 2. Transfer of Shares. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the secretary of the corporation, and on surrender for cancellation of title certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

SECTION 3. Dividends. The directors of the corporation may quarterly, semiannually or annually, declare a dividend of so much of the net profits of the corporation as they shall judge expedient, except that until, the surplus fund of the corporation shall equal its common stock, no dividends shall be declared unless there has been carried to the surplus fund not less than one-tenth part of the corporation's net profits of the preceding half year in the case of quarterly or semiannual dividends, or not less than one-tenth part of its net profits of the preceding two consecutive half-year periods in the case of annual dividends. The corporation shall seek approvals required by law, if any, prior to declaring a dividend.

SECTION 4. Lost, Destroyed or Stolen Certificates. A shareholder requesting the issuance of a stock certificate of the corporation in lieu of a lost, destroyed or stolen certificate shall promptly give notice to the corporation of such loss, destruction or theft, and publish in a newspaper of general circulation published in the County within which the corporation then has its principal place of business, a notice of such loss once a week for two (2) successive weeks. Such shareholder shall file with the officers of this corporation, first, an affidavit setting forth the time, place and circumstances of the loss to the best of his knowledge and belief and, second, proof of the required publication. He shall also, in the discretion of the board of directors, execute and deliver to the corporation a bond with good security in a penalty of an amount deemed reasonable and necessary by the board of directors, which, amount may be an unlimited amount, conditioned to indemnify the corporation and all persons whose rights may be affected by the issuance of the new certificates against any loss in consequence of the new certificate being issued.

The corporation will issue the new stock certificate if the above requirements are completed before the corporation has notice that the certificate has been acquired by a bona fide purchaser.

The board of directors, in its discretion, may authorize the issuance of a new certificate in lieu of the one lost, destroyed or stolen without requiring the publication of said notice or the giving of a bond.

ARTICLE VII. ACCOUNTING PERIOD

The accounting period of the corporation shall begin on the 1st day of January, and end on the 31st day of December, in each year.

ARTICLE VIII. CORPORATE SEAL

The board of directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation, the state of incorporation and the words, "Corporate Seal."

ARTICLE IX. MISCELLANEOUS

SECTION 1. Voting Upon Stocks. Unless otherwise ordered by the board of directors, the president shall have full power and authority on behalf of the corporation, whether in person or by proxy, to attend and to act and to vote at any meeting of stockholders of any corporation in which this corporation may hold stock, and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of such stock, and which, as the owner thereof, this corporation might have possessed and exercised if present. The board of directors by resolution may, from time to time, confer like powers upon any other person or persons.

SECTION 2. Contracts With Directors and Officers. No contract or other transaction between a corporation and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, if: (1) the fact of such relationship or interest is disclosed or known to the board of directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; or (2) the fact of such relationship or interest is disclosed or known to the stockholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or (3) the contract or transaction is fair and reasonable to the corporation.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contract or transaction.

On any question involving the authorization, approval or ratification of any such contract or transaction, the names of those voting each way shall be entered on the record of the proceedings.

SECTION 3. Indemnification of Directors, Officers and Employees. The corporation shall indemnify and reimburse each present and future director, officer, employee or agent of the corporation against, and each such director, officer, employee or agent shall be entitled without further action on his or her part to indemnity from the corporation for, the following:

All expenses, including without limitation attorneys' fees, judgments, fines, taxes and penalties and interest thereon, and if its Board of Directors determines that a settlement of any action, suit or proceeding is in the best interest of the corporation, all amounts paid in effecting such settlement, other than amounts paid to the corporation itself, reasonably incurred by him or her in connection with or arising out of any action, suit or proceeding in which he or she may be involved by reason of his or her being or having been a director, officer, employee or agent of the corporation or of any other firm, corporation, association, company or organization which he or she serves or has served as a director, officer, employee or agent at the request of the corporation; provided however, that such indemnity shall not include any expenses incurred by any director, officer, employee or agent with respect to matters as to which he or she shall be finally adjudged in any such action, suit or proceeding to have been guilty of or liable for gross negligence, willful misconduct or criminal acts in the performance of his or her duties for the corporation; provided, further, that no person shall be so indemnified or reimbursed in relation to any matter in which action, suit, or proceeding which has been made the subject of a compromise settlement except with the approval of a court of a competent jurisdiction, or the holders of record of a majority of the outstanding shares of the association, or the board of directors, acting by vote of the directors not parties to the same or substantially the same action, suit, or proceeding, constituting a majority of the whole number of directors; provided, further, that no person shall be so indemnified or reimbursed any expenses incurred in an administrative proceeding or action instituted by an appropriate bank regulatory agency, which proceeding or action results in a final order assessing civil money penalties or requiring affirmative action by an individual or individuals in the form of payments to the corporation if such form of indemnification is specially prohibited by any valid and enforceable ruling of an appropriate bank regulatory agency. The foregoing right of indemnification shall inure to the benefit of the heirs, executors or administrators of each such directors, officer employee or agent and shall be in addition to all other rights to which such director, officer, employee or agent may be entitled as a matter of law.

The corporation may, upon the affirmative vote of a majority of its Board of Directors, purchase insurance for the purpose of indemnifying its directors, officers, employees and agents to the extent that such indemnification is allowed in the preceding paragraph. Such insurance may, but need not, be for the benefit of all directors, officers, employees and agents.

SECTION 4. Waiver of Notice. Unless otherwise provided by law, whenever any notice is required to be given to any shareholder or directors of the corporation under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of the West Virginia Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice and attendance of the person at a meeting shall constitute a waiver of notice, unless the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 5. Telephonic Attendance and Voting at Meetings. Notwithstanding anything herein contained to the contrary, one or more directors or shareholders may participate in a meeting of the board, a committee of the board or of the shareholders by means of telephonic conference or similar electronic communication equipment by means of which all persons participating in the meeting can hear each other.

Whenever a vote of the shareholders or directors is required or permitted in connection with any corporate action this vote may be taken orally during this electronic conference. The agreement thus reached shall have like effect and validity as though the action were duly taken by the action of the shareholders or directors at a meeting of shareholders or directors if the agreement is reduced to writing and approved by the shareholders or directors at the next regular meeting of the shareholders or directors after the conference.

SECTION 6. Usage of Terms. Except as otherwise specifically provided, for the purposes of these Bylaws, the term majority shall mean a number greater than one-half (½) of the total.

Except as otherwise specifically provided, for the purposes of these Bylaws, and as the context may require, the use of pronouns of the masculine gender shall be deemed to include pronouns of the feminine and neuter genders, and the use of pronouns of the feminine gender shall be deemed to include pronouns of the masculine and neuter genders.

SECTION 7. Records. The Articles of Incorporation, the Bylaws, and the proceedings of all meetings of the shareholders, the board of directors, and standing committees of the board, shall be recorded in appropriate minute books provided for that purpose. The minutes of each meeting shall be signed by the secretary or other officer appointed to act as secretary of the meeting.

ARTICLE X. AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the board of directors at any regular or special meeting of the board of directors, subject to repeal or alteration by action of the shareholders.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2009 (Bank Qualified)

UNDERWRITER'S CERTIFICATE

The undersigned Nelson Taul, Senior Vice President of Ross, Sinclaire & Associates, LLC (the "Underwriter"), for and on behalf of the Underwriter, as purchaser of the above-captioned Bonds (the "Bonds"), hereby certifies that:

(a) At least 10% of the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Bond Purchase Agreement dated February 4, 2009, by and between Berkeley County Public Service District (the "Issuer") and the Underwriter, at prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated February 4, 2009 relating to the Bonds. We have made a bona fide public offering of all Bonds at the public offering price.

(b) At least 10% of each maturity of the Bonds were sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not greater than the respective prices shown on the cover of the Official Statement. At the time we agreed to purchase the Bonds based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices or yields less than the yields, shown on the cover of the Official Statement.

(c) The level of funding of the Series 2009 Bonds Reserve Account established by the Resolution authorizing issuance of the Series 2009 Bonds is reasonable and necessary because such an amount is required as a condition to marketing the Series 2009 Bonds at the interest rates and with the maturities established for the Series 2009 Bonds. Such amount was determined to be necessary to reduce the probability of a default on the Series 2009 Bonds due to a temporary decrease in revenues or increase in operating expenses. The amount to be maintained in the Series 2009 Bonds Reserve Account is equal to 125% of average annual debt service on the Series 2009 Bonds and is less than the maximum annual debt service on the Series 2009 Bonds and 10% of the face amount of the Series 2009 Bonds.

(d) The weighted average maturity of the Series 2009 Bonds is 12.536 years.

(e) The yield on the Series 2009 Bonds is 4.140424%.

(f) The net interest cost on the Series 2009 Bonds is 4.301974%.

(g) This certificate may be relied upon by the Issuer with respect to completion of its Tax and Non-Arbitrage Certificate and IRS Form 8038-G relating to the Series 2009 Bonds, and by Steptoe & Johnson PLLC in rendering their tax opinion with respect to the Series 2009.

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Dated this 17th day of February, 2009.

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____
Its: Senior Vice President

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201 E. Burke Street
Martinsburg, WV 25401
114 E. German Street, Suite 201
Shepherdstown, WV 25443
Phone 304.263.0891
Fax 304.263.0997

CoxHollidaPrice LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

February 17, 2009

Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2009 (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

Ross, Sinclair & Associates
Frankfort, Kentucky

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia entered October 12, 2007, which became a Final Order on November 1, 2007, in Case No. 07-0923-PWD-CN, and projected operation and maintenance expenses and anticipated customer usage provided by Berkeley County Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 120% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Bonds"), to be issued in the original aggregate principal amount of $7,510,000 on the date hereof, and all other obligations secured by or payable from the revenues of the System, on a parity with or junior to the Bonds, including the Water Revenue Bonds, Series 1993 B, dated March 8, 1993, Water Revenue Bonds, Series 1993 C, dated March 8, 1993, Water Revenue Bonds, Series 1993 D, dated July 29, 1993, Water Revenue Bonds, Series 1996, dated August 6, 1996, Water Revenue Bonds, Series 1997, dated June 25, 1997, Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, Water Refunding Revenue Bonds, Series 2003 A (Bank Qualified), dated April 1, 2003, Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified), dated April 1, 2003, Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, Water Revenue Bonds, Series 2004 (Bank Qualified), dated December 30, 2004, Water Revenue Bonds, Series 2006 (Bank Qualified), dated December 28, 2006, Water Revenue Bonds, Series 2007 (Non-Bank Qualified), dated December 21, 2007, and Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 (collectively, the "Prior Bonds").

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 120% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

CoxHollidaPrice LLP

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE - FULL BOOK ENTRY

RATING: "Aa3"(with developing outlook)
"Baa1"

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2009 Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (iii) under the laws of the State of West Virginia, the Series 2009 Bonds are exempt from taxation by the State of West Virginia, and the other taxing bodies of the State of West Virginia and the interest on the Series 2009 Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. In addition, Bond Counsel is of the opinion that the Series 2009 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (see "Tax Matters" herein).

$7,455,000*
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED)

Dated: Date of Delivery

Due: As shown on inside front cover

The Series 2009 Bonds (the "Series 2009 Bonds") shall be issued only as fully registered Bonds, and when initially issued, will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only and beneficial owners of the Series 2009 Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2009 Bonds, payments of the principal of and interest on the Series 2009 Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants (see "THE SERIES 2009 BONDS – Book-Entry Bonds" herein). The Series 2009 Bonds are subject to redemption prior to maturity as more fully stated herein.

The Series 2009 Bonds are being issued by Berkeley County Public Service District (the "District") to provide funds, together with other moneys available thereof, (i) to finance the costs of design, acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer; (ii) to capitalize a portion of the interest on the Series 2009 Bonds through June 1, 2009; (iii) to fund the Series 2009 Bonds Reserve Account; and (iv) to pay costs of issuance and related costs.

The Series 2009 Bonds are payable from and secured by the Net Revenues derived from the existing waterworks system of the District and any additions, betterments and improvements thereto and from funds on deposit in the Series 2009 Bonds Sinking Fund and the Series 2009 Bonds Reserve Account established therefor. The Series 2009 Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2009 Bonds, or any premium or the interest thereon, except from such net revenues and such funds on deposit for the Series 2009 Bonds. Neither the credit nor the taxing power, if any, of the District shall be deemed to be pledged to, nor shall a tax ever be levied for, the payment of the principal of, or the premium, if any, or interest on, the Series 2009 Bonds. The District has no taxing powers.

The scheduled payment of principal of and interest on the Series 2009 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2009 Bonds by FINANCIAL SECURITY ASSURANCE INC.

FSA

The Bank of New York is the Registrar and the West Virginia Municipal Bond Commission, Charleston, West Virginia, is the Paying Agent. Interest on the Series 2009 Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2009. Principal of the Series 2009 Bonds is payable annually as set forth on the inside cover page.

The Series 2009 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the District by Hoy Shingleton, Esquire, Martinsburg, West Virginia, counsel to the District. Certain legal matters will be passed upon for the Underwriter by Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, as counsel to the Underwriter.

It is expected that the Series 2009 Bonds will be available for delivery at DTC, New York, New York, on or about February 17, 2009.

Dated: February ____, 2009

*Preliminary, subject to change

Ross, Sinclaire & Associates, LLC

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION OR AMENDMENT IN A FINAL OFFICIAL STATEMENT which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities offered hereby in any jurisdiction in

THE SERIES 2009 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITES AND EXCHANGE COMMISSION (THE "SEC") UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE "SECURITIES ACT") IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(A)(2) OF THE SECURITIES ACT. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN.

The information set forth herein has been obtained from the Issuer, public documents, records and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Issuer.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2009 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District, since the date hereof.

Statements contained in this Official Statement that involve estimates, forecasts, or matters of opinion, whether or not expressly described herein, are intended solely as such and are not be construed as representations of facts. This Official Statement is submitted in connection with the sale of the securities referred to herein, and may not be reproduced or used, in whole or in part, for any other purposes.

Forward Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD LOOKING STATEMENTS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2009 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SEC OR ANY STATE SECURITES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSIONS OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING SECURITIES COMMISSIONS OR REGULATORY AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

PUBLIC SERVICE BOARD

Gregory Rhoe, Chairman
Calvin Bruce Dorsey, Vice Chairman
Ruby Kern, Secretary
Howard Collins, Treasurer
D. Wayne Dunham, Parliamentarian

ADMINISTRATION

Paul S. Fisher, Executive Director

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

COUNSEL TO THE DISTRICT

Hoy Shingleton, Jr., Esquire
Martinsburg, West Virginia

UNDERWRITER

Ross, Sinclaire & Associates, LLC
Frankfort, Kentucky

UNDERWRITER'S COUNSEL

Parker Poe Adams & Bernstein LLP
Columbia, South Carolina

There are outstanding obligations of the Issuer which are designated and have lien positions with respect to the Capacity Improvement Fees of the Issuer's System as follows: Bond Anticipation Notes, Series 2007, dated February 8, 2007, issued in the original aggregate principal amount of $20,000,000 with an outstanding principal balance of $15,000,000 (the "Series 2007 Notes" or the "Prior Notes"). The Prior Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the Issuer's System, the proceeds of the bonds to be subsequently issued by the Issuer to permanently finance the improvements paid for with the proceeds of the Prior Notes and Surplus Revenues of the System and are not payable by the Net Revenues of the System. **The Capacity Improvement Fees ARE NOT considered a part of the Net Revenues of The System.**

The Series 2009 Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2009 Bonds, or any premium (if any), or the interest thereon, except from such Net Revenues and such funds on deposit for the Series 2009 Bonds. Pursuant to the Resolution, the District has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will always produce Net Revenues equal to at least 120% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2009 BONDS - Rate Covenant."

The District may issue additional bonds on a parity with the Series 2009 Bonds and the Prior Bonds for the purpose of (i) financing the costs of acquisition or construction of additions, betterments and improvements to the System, or (ii) the refunding of any outstanding Bonds, or (iii) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Resolution or the Prior Resolutions (the Series 2009 Bonds, the Prior Bonds and any such additional parity bonds are sometimes hereinafter referred to as the "Bonds"). See "SECURITY FOR THE SERIES 2009 BONDS - Additional Parity Bonds." Payment of the principal of and interest on the Series 2009 Bonds when due will be insured by a municipal bond insurance policy to be issued by Financial Security Assurance, Inc. simultaneously with the delivery of the Series 2009 Bonds. See "BOND INSURANCE" herein.

Brief descriptions of the Series 2009 Bonds, the Resolution, the System, the District, continuing disclosure and certain provisions of the Act, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Resolution, the Supplemental Resolution, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2009 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the respective meanings given them in the Resolution.

SOURCES AND USES OF FUNDS*

Sources of Funds	
Par Amount of Series 2009 Bonds*	$7,455,000.00
TOTAL	$7,455,000.00
Uses of Funds	
Deposit to Project Fund	$6,354,900.00
Deposit to Capitalized Interest Fund	79,829.39
Deposit to Debt Service Reserve Fund	711,733.25
Bond Insurance Premium	61,971.40
Costs of Issuance**	246,565.96
TOTAL	$7,455,000.00

*Preliminary, subject to change

** Includes Underwriter's Discount, and Professional Fees Associated with the Issuance of the Series 2009 Bonds.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

All redemption notices shall be sent to Cede & Co. If less than all of the Series 2009 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2009 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2009 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co., (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2009 Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

For every transfer and exchange of the Series 2009 Bonds, the Registrar may charge DTC, and DTC may charge the Participants and the Participants may charge the Beneficial Owners, sums sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

In the event the District determines that it is in the best interest of the Beneficial Owners that they may be able to obtain Series 2009 Bond certificates, the District may notify DTC and the Registrar, whereupon DTC will notify the Participants, of the availability through DTC of Series 2009 Bond certificates. In such event, the Registrar shall cause to be issued, transferred and exchanged Series 2009 Bond certificates as requested by DTC as Bondholder in appropriate amounts. DTC may determine to discontinue providing its service with respect to the Series 2009 Bonds at any time by giving notice to the District and the Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor Securities Depository), the District and the Registrar shall be obligated to deliver Series 2009 Bond certificates as described in the Resolution. In the event the Series 2009 Bond certificates are issued, the provisions of the Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal or redemption price of and interest on such Series 2009 Bond certificates. Whenever DTC requests the District and the Registrar to do so, the Registrar and the District will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the

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

SECURITY FOR THE SERIES 2009 BONDS

The Series 2009 Bonds are special obligations of the District and are payable as to principal, premium, if any, and interest solely from the sources described below. The District is under no obligation to pay the Series 2009 Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2009 Bonds shall be secured equally and ratably 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 owners of the Prior Bonds (except the Series 1993 C Bonds), and senior and prior to the lien on such Net Revenues in favor of the owners of the Series 1993 C Bonds. Such Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2009 Bonds and the Prior Bonds and to make all other payments provided for in the Resolution, are irrevocably pledged to such payments as they become due.

Rate Covenant

The District covenants and agrees in the Resolution that the schedule of rates and charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any year for payment of principal of and interest on the Series 2009 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 Bonds, including the Prior Bonds.

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

Reserve Account

Pursuant to the Resolution, there will be established with the Commission the Series 2009 Bonds Reserve Account in an amount equal to the Series 2009 Bonds Reserve Requirement. The "Series 2009 Bonds Reserve Requirement" is defined under the Resolution as the lesser of (i) 10% of the original stated principal amount of the Series 2009 Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2009 Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2009 Bonds. Moneys in the Series 2009 Bonds Reserve Account shall be used only to pay principal of and interest on the Series 2009 Bonds as due, when amounts in the Series 2009 Bonds Sinking Fund are insufficient therefor; provided, that no payments shall be required to be made into the Series 2009 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2009 Bonds Reserve Requirement. The District is required to restore any withdrawals from the Series 2009 Bonds Reserve Account which have the effect of reducing the assets therein below the reserve requirement, first from the Net Revenues and then from the Renewal and Replacement Fund after all other required payments to the Sinking Funds for the Series 2009 Bonds and the Prior Bonds, including any deficiencies for prior payments, have been made in full.

Renewal and Replacement Fund

The District is required to transfer from the Revenue Fund to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. Withdrawals and

A. The Bonds then Outstanding;

B. Any Parity Bonds theretofore issued pursuant to the provisions contained in the Resolution then Outstanding; and

C. The Parity Bonds then proposed to be issued.

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in the Resolution, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

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

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2009 Bonds, Financial Security Assurance Inc. ("Financial Security") will issue its Municipal Bond Insurance Policy for the Series 2009 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2009 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Recent Events Regarding Financial Security's Ratings and Ownership of Holdings

On November 21, 2008, Moody's Investors Service, Inc. downgraded to "Aa3" (with developing outlook) from "Aaa" the insurance financial strength rating of Financial Security.

On October 8, 2008, Standard & Poor's Ratings Services placed Financial Security's "AAA" financial strength rating on Credit Watch with negative implications.

On October 9, 2008, Fitch Ratings placed Financial Security's "AAA" insurer financial strength rating on Rating Watch Negative.

These ratings reflect only the views of the respective rating agencies, are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time by those rating agencies. See "Rating."

On November 14, 2008, Holdings announced that, subject to relevant regulatory and other approvals, its parent Dexia and Assured Guaranty Ltd. ("Assured Guaranty") have entered into an agreement for Assured Guaranty to acquire all of Dexia's shares of Holdings.

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As of June 30, 2008 the District had 19,117 customers, of which 18,018 are residential (94.25%), 904 are commercial (4.73%), 23 are industrial (0.12%), 41 are public authorities (0.21%) and 131 are fire protection customers (0.69%). A more detailed description of the District's customer base is set forth in "THE SYSTEM--Customer Statistics."

The District received the EPA Region 3 source water protection award in 2002. The award was received for the District's initiatives to protect the drinking water sources of the residents of Berkeley County. The District, in conjunction with other area entities, coordinated a county-wide source water protection program, to ensure an adequate supply of safe drinking water for its residents for years to come.

In September of 2007, the District was named "Water System of the Year" by the West Virginia Rural Water Association. The award was made by the Association in recognition of the Districts success over the last several years addressing the significant growth in Berkeley County, in the face of drought conditions.

Public Service Board

The District is governed by a five-member Public Service Board. The members are appointed by the County Commission for staggered six year terms. Annually at the first calendar year meeting, the Board must elect officers including a Chairman, a Secretary and a Treasurer. The Secretary and Treasurer need not be members of the Board. The Board members, officers, terms and occupations are listed below:

Board	Term	Occupation
Ruby Kern, Secretary	01/01/07 - 06/30/11	Retired
Calvin Bruce Dorsey, Vice Chairman	07/01/03 - 06/30/09	Retired
Gregory Rhoe, Chairman	07/01/07 - 06/30/13	Corporate Controller
Howard Collins, Treasurer	07/01/05 - 06/30/11	Retired
D. Wayne Dunham, Parliamentarian	07/01/03 - 06/30/09	Retired

The Board employs an Executive Director for the System and other personnel and consultants. Paul S. Fisher has served as Executive Director for 7 years. Mr. Fisher is responsible for the operation, maintenance and administration of the District, and holds a Bachelor of Science in Mineral Economics from Pennsylvania State University. In addition to the Executive Director, the Board has 55 full-time employees and 1 part-time employee.

Hoy Shingleton, Esquire, Martinsburg, West Virginia, provides legal services and CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia, provides accounting services for the District. Engineering services are obtained by the District as needed for project development and construction.

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Customer Statistics

The table and chart below depict the customer base of the District for the last 5 fiscal years.

Customer Description	----June 30, 2004---- Customer Count	Change (%)	----June 30, 2005---- Customer Count	Change (%)	----June 30, 2006---- Customer Count	Change (%)	----June 30, 2007---- Customer Count	Change (%)	----June 30, 2008---- Customer Count	Change (%)
Residential	14,040	----	15,234	8.50%	16,642	9.24%	17,409	4.61%	18,018	3.50%
Commercial	800	----	834	4.25%	864	3.60%	860	-0.46%	904	5.12%
Industrial	31	----	28	-9.68%	29	3.57%	29	0.00%	23	-20.69%
Public Authorities	44	----	44	0.00%	45	2.27%	45	0.00%	41	-8.89%
Fire Protection	105	----	112	6.67%	114	1.79%	121	6.10%	131	8.26%
Totals:	15,020	----	16,252	8.20%	17,694	8.87%	18,464	4.35%	19,117	3.54%

Source: Berkeley County Public Service District; Public Service Commission Report FY 06/30/08

The following table sets forth the ten (10) largest customers of the District and the percentage of total consumption as of June 30, 2008:

Customer Name	Gallons	Percentage
Quad Graphics, Inc	87,917,100	5.96%
Guardian Fiberglass	39,683,200	2.69%
IRS Facility	29,493,600	2.00%
Ecolab	19,255,800	1.30%
WV Regional Jail	19,081,200	1.29%
Knouse Foods	15,538,800	1.05%
Fasloc	14,907,000	1.01%
WV Air National Guard	12,953,000	0.88%
Shenandoah Village	7,178,000	0.49%
Quebecor Printing	6,880,000	0.47%
Totals:	252,887,700	17.14%

Source: Berkeley County Pubic Service District

Capacity Improvement Fee:

Meter Size	Type	Factor	System Development Charge
⅝ Inch		1	$3,120
¾ Inch		1.5	$4,680
1 Inch		2.5	$7,800
1½ Inch		5	$15,600
2 Inch	Standard Compound Turbine	8 8 10	$24,960 $24,960 $31,200
3 Inch	Compound Turbine	16	$49,920
4 Inch	Standard Compound Turbine	24 25	$74,880 $78,000
6 Inch	Standard Compound Turbine	42 50	$131,040 $156,000
8 Inch	Standard Compound Turbine	92 80 160	$287,040 $249,600 $499,200

Future Rates

The table below lists the water rates for General Domestic, Commercial and Industrial Customers, which are anticipated to become effective in the spring of 2009:

First	2,000 Gallons Used per Month	$8.95	per 1,000 Gallons
Next	88,000 Gallons Used per Month	$5.80	per 1,000 Gallons
Over	90,000 Gallons Used per Month	$4.10	Per 1,000 Gallons

Minimum Charge

⅝ Inch Meter	$17.90	Per Month
1 Inch Meter	$44.75	Per Month
1½ Inch Meter	$89.50	Per Month
2 Inch Meter	$143.20	Per Month
3 Inch Meter	$268.50	Per Month
4 Inch Meter	$447.50	Per Month
6 Inch Meter	$895.00	Per Month
8 Inch Meter	$1,432.00	Per Month

Billing and Collections

The District bills each customer monthly, based on the actual water meter reading for the previous month. Payments are accepted for twenty days after the billing date before a late penalty of 10% is added. If bills are not paid within thirty days, water shutoff procedures are commenced. Water service is not restored until the account is settled in full.

Water Sales Revenue

The table and chart on the following page depict the operating revenues of the District, for the last 5 fiscal years.

Customer Description	----June 30, 2004---- Operating Revenues	Change (%)	----June 30, 2005---- Operating Revenues	Change (%)	----June 30, 2006---- Operating Revenues	Change (%)	----June 30, 2007---- Operating Revenues	Change (%)	----June 30, 2008---- Operating Revenues	Change (%)
Residential	4,010,165	---	4,528,105	12.92%	5,316,620	17.41%	6,369,526	19.80%	6,511,145	2.22%
Commercial	1,063,720	---	1,249,501	17.47%	1,418,209	13.50%	1,708,777	20.49%	1,653,920	-3.21%
Industrial	477,130	---	488,706	2.43%	459,259	-6.03%	630,411	37.27%	704,188	11.70%
Public Authorities	90,064	---	96,415	7.05%	131,700	36.60%	116,042	-11.89%	137,176	18.21%
Fire Protection	68,991	---	77,234	11.95%	89,194	15.49%	118,274	32.60%	126,879	7.28%
Totals:	5,710,070	---	6,439,961	12.78%	7,414,982	15.14%	8,943,030	20.61%	9,133,308	2.13%

Source: *Berkeley County Public Service District; Public Service Commission Report FY 06/30/08*

The District has covenanted to diligently enforce and collect all fees and charges as described in "SECURITY FOR THE SERIES 2009 BONDS -- Enforcement of Collections" herein.

System Budget and Expenditure

An operating budget is prepared annually by the Executive Director and is required by the Act to be submitted to the Board no later than 45 days before the new fiscal year begins. The budget is compared to actual year-to-date revenues and expenditures monthly.

Method of Accounting

The District maintains its accounts on an accrual basis and prepares its financial statements in accordance with generally accepted accounting principles. CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia, audited the records of the District for the fiscal years ended June 30, 2008 (See "Appendix B – Audited Financial Statement for Fiscal Year Ended June 30, 2008.")

Retirement System

All full-time employees of the District are covered by the West Virginia Public Employees Retirement System, ("PERS").

All full-time employees are eligible and must participate in the State PERS. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire after reaching the age of 60 and accumulating 5 years of credited service in force. Benefits generally vest in varying degrees once a member attains 5 or more years of credited service in force. Employees who retire at age 60 with 5 or more years of credited service in force are entitled to pension payments for the rest of their lives equal to 2% of their highest three-year average salary times the number of years for which they were employed as a participant in the State PERS.

Pension provisions include annuity options to provide benefits to a member's nominated beneficiary if so elected. In addition, disability retirement is provided for members who meet certain requirements as specified in the Act. The

Capacity Improvement Fees

The table below lists Capacity Improvement Fees collected by the District from January 1, 2006 through September 20, 2008. The Capacity Improvement Fee is charged for each new connection added to the system. The current Capacity Improvement Fee is ranges from $3,120 to $499,200 depending on the size of type of meter installed. The Capacity Improvement Fees are not considered part of the Net Revenues of the System. On February 8, 2007, the District issued $20,000,000 Series 2007 Bond Anticipation Notes. The Series 2007 Notes, secured solely by the Capacity Improvement Fees, has an outstanding principal balance of $15,000,000. In 2009, the District intends to retire $5,000,000 of principal of the Series 2007 Notes.

Date	Connections Added	Total
Total Collected Through 12/31/06		$3,663,907
Jan-07	52	$107,597
Feb-07	17	$36,988
Mar-07	60	$138,577
Apr-07	37	$62,887
May-07	84	$142,243
Jun-07	85	$156,935
Jul-07	74	$148,256
Aug-07	43	$167,879
Sep-07	68	$186,648
Oct-07	67	$99,840
Nov-07	35	$152,880
Dec-07	29	$123,240
Jan-08	67	$98,280
Feb-08	33	$99,430
Mar-08	35	$185,041
Apr-08	42	$134,160
May-08	30	$152,880
Jun-08	44	$152,880
Jul-08	60	$162,886
Aug-08	47	$152,880
Sep-08	34	$107,322
Totals:	1,043	$6,433,636

Coverage Ratios

Under the Resolution, the District has covenanted to collect fees and charges such that Net Revenues available for debt service are not less than 120% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 Bonds and all other obligations secured by a lien or payable from such revenues prior to or on a parity with the Series 2009 Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2009 BONDS -- Rate Covenant" herein.

Upon reviewing the District's financial statements for the fiscal year ending June 30, 2002, an independent certified public accountant verified that the District did not meet the rate coverage requirements of the Prior Bonds. The District petitioned, and obtained approval from, the Public Service Commission of West Virginia for a water rate increase effective November 7, 2002. The rate increase provided adequate additional revenues to satisfy debt service coverage requirements for the Fiscal Year ending June 30, 2003.

The revenues generated by the current rates will be sufficient, in the opinion of the District's accountants, CoxHollidaPrice LLP, to produce revenues sufficient to pay the costs of operating and maintaining the System and funding the debt service on the Series 2009 Bonds and the Prior Bonds.

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INVESTMENT CONSIDERATIONS

The District does not have direct control over the Net Revenues it produces. The District's rates and charges are set by the PSC following a public notice and review process. The District cannot automatically increase rates, thereby increasing Net Revenues if customer numbers or customer usage decline or if operation and maintenance expenses increase significantly.

The District may and anticipates issuing additional bonds secured by the Net Revenues of the System, provided that the coverage and parity tests for the Series 2009 Bonds, the First Lien Bonds and the Second Lien Bonds are satisfied. The District is not required to obtain the consent of the owners of the Series 2009 Bonds to the issuance of obligations secured by Net Revenues. However, the coverage and parity tests contained in the Resolutions authorizing the Series 2009 Bonds must be met in order for the District to issue additional obligations secured by Net Revenues.

If Net Revenues are not sufficient to cover the debt service on the Series 2009 Bonds, then the District must request an increase in rates from the PSC. There can be no assurance that the PSC will increase rates and charges to a level sufficient to pay the debt service on the Series 2009 Bonds.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the District, threatened or affecting the District (or, to the District's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the District's financial position or on the validity of the Series 2009 Bonds, the Resolution, or any agreement to which the District is a party and which is a part of the issuance of the Series 2009 Bonds. Certain legal matters regarding disclosure issues will be passed.

LEGAL MATTERS

The authorization and issuance of the Series 2009 Bonds are subject to the approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the form set forth in Appendix D to this Official Statement. Certain legal matters will be passed upon for the District by its counsel, Hoy Shingleton, Martinsburg, West Virginia, and for the Underwriter by its counsel, Parker Poe Adams & Bernstein, LLP, Columbia, South Carolina.

TAX MATTERS

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2009 Bonds (a) is excludable from gross income for federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended (the "Code"), (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (c) under existing State law, the Series 2009 Bonds are exempt from taxation by the State and the other taxing bodies of the State and the interest on the Series 2009 Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State. For the purposes of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income.

Bond Counsel is further of the opinion that pursuant to Section 265(b)(3) of the Code, the Series 2009 Bonds shall be treated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2009 Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3). Therefore, the Series 2009 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or carry most tax-exempt obligations does not apply to the Series

data on the District's revenues, expenditures, and financial operations of the type found in this Official Statement under the caption "The System"; and

(b) in a timely manner, to each "National Repository," either directly, or if permitted, through the CPO, or to the Municipal Securities Rulemaking Board ("MSRB"), and to State Depository, notice of any of the following events with respect to the Series 2009 Bonds, if material:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions or events affecting the tax-exempt status of the security;
(7) modifications to rights of security holders;
(8) bond calls;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the securities;
(11) rating changes; and
(12) failure of the District to comply with clause (a) above.

With respect to Event (8), the District does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if the terms, dates and amounts of redemption are set forth in detail herein, the only open issue is which bonds will be redeemed in the case of a partial redemption, notice of redemption is given to the Bondholders as required under the terms of the Series 2009 Bonds and public notice of the redemption is given pursuant to 1934 Act Release No. 23856 of the Securities Exchange Commission (the "SEC"), even if the originally scheduled amounts are reduced by prior optional redemptions or Bond purchases.

Any of the foregoing information may be supplied by including by specific reference information previously supplied to each National Repository, either directly, or if permitted, to the CPO and the State Depository or the SEC. Information will not be included by reference from any final official statement unless such final official statement is available from the MSRB.

This continuing disclosure obligation is being undertaken by the District to assist the Underwriter in complying with Rule 15c2-12 promulgated by the SEC. The District has agreed to give notice in a timely manner to each National Repository, either directly, or if permitted, to the CPO or the MSRB, and to the State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2009 Bonds. Registered Owners may contact the Executive Director of the District at P.O. Box 737, Martinsburg, West Virginia 25402, (304) 267- 4600 for more information.

RATING

Moody's Investors Services ("Moody's") has assigned a rating of "Aa3 (with developing outlook)/Baa1" upon the delivery of the Policy by FSA at closing with respect to the Series 2009 Bonds. Any desired explanation of the significance of such ratings should be obtained from Moody's. Certain information and materials, including information and materials not included in this Official Statement, were furnished by the Berkeley County Public Service District to Moody's. Generally, Moody's bases its rating on the information and materials so furnished and on its investigation, studies and assumptions. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of Moody's, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the Owners of the Series 2009 Bonds any proposed revision or withdrawal of the rating of the Series 2009 Bonds or to oppose any such proposed revision or withdrawal. Any such changes in or withdrawal of such rating could have an adverse effect on the market price or the marketability of the Series 2009 Bonds to which such change or withdrawal relates.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2009 Bonds. The District has authorized the execution and distribution of this Official Statement.

Copies of the Resolution, the Undertaking and other applicable documents may be obtained from the District at the following address:

Berkeley County Public Service District
P.O. Box 737
Martinsburg, West Virginia 25402
Attention: Executive Director
304.267.4600

or, during the period of offering the Series 2009 Bonds, from the Underwriter.

The execution and distribution of this Official Statement has been duly authorized by the District.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: /s/ Gregory Rhoe, Chairman

Appendix A
BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT

Berkeley County Public Service Water District is located in Berkeley County, West Virginia. The County seat, Martinsburg, is known as the "Gateway to the Shenandoah Valley." Berkeley County is located just 90 minutes from the Washington, D.C./Baltimore, Maryland area. It is bounded in the north by the Potomac River and Washington County, Maryland; on the east by Jefferson County, West Virginia; on the south by Frederick County, Virginia; and, on the west by Hardy and Morgan Counties of West Virginia.

In the fall of 1992, the U.S. Census Bureau included Berkeley County as part of the Washington, D.C/Baltimore, Maryland Standard Metropolitan Statistical Area. Berkeley County's proximity to this metropolitan area is the driving force behind the growth experienced by the Eastern Panhandle and the County. The transportation access, Interstate 81, West Virginia Route 9 and the MARC train, have aided in making the area a prime location for business, industry and commuters. Major industries in the Berkeley County today include General Motors, Quad Graphics, MAAX and Quebecor Printing.

The 2007 estimated population of Berkeley County is approximately 99,734 people. Berkeley County experienced a 28.1% population growth between 1990 and 2000. Below is a table representing Berkeley County's population and percentage of change from 1980 through July 1, 2007. (Years 2001 through and including 2007 are estimates.)

Population Year*	Population Amount	Percentage Change
2007	99,734	2.26%
2006	97,534	4.55%
2005	93,286	4.55%
2004	89,228	4.57%
2003	85,330	4.81%
2002	81,414	3.44%
2001	78,708	3.69%
2000	75,905	4.20%
1999	72,846	2.57%
1998	71,021	2.85%
1997	69,053	1.82%
1996	67,822	2.11%
1995	66,421	1.80%
1994	65,245	1.99%
1993	63,971	1.99%
1992	62,721	2.10%
1991	61,429	2.71%
1990	59,810	27.87%
1980	46,775	---

**Years 2001 through 2007 are estimated*
Source: 2008 U.S. Census Bureau

Major communities within reasonable traveling distance of Berkeley County include:

Community Name	Approximate Distance (miles)
Washington, DC	80
Baltimore, MD	90
Hagerstown, MD	18
New York, NY	264
Philadelphia, PA	180
Harrisburg, PA	93
Richmond, VA	180
Windhester, VA	22

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Appendix A

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
DEMOGRAPHIC INFORMATION

2009 Bonds. Accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Series 2009 Bonds is deductible for federal income tax purposes.

The opinions described above are subject to the condition that the District complies on a continuing basis with all requirements of the Code that must be satisfied subsequent to issuance of the Series 2009 Bonds for interest thereon to be or continue to be excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2009 Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation retroactively to the date of issuance of the Series 2009 Bonds.

The accrual or receipt of the interest on the Series 2009 Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these and other consequences will depend upon the recipient's particular tax status or other consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences, and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Series 2009 Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Exhibit C.

UNDERWRITING

Ross, Sinclaire & Associates, LLC., as Underwriter, has agreed, subject to certain conditions, to purchase the Series 2009 Bonds from the District at a price of $_____ which reflects an Underwriter's discount of $_____ and a net original issue discount of $_____. The Underwriter will be obligated to purchase all of the Series 2009 Bonds if any are purchased. The Series 2009 Bonds may be offered and sold to certain dealers (including investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

ACCOUNTANT'S CALCULATIONS

CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia, independent certified public accountants, has certified the coverage requirement and parity test requirement.

FINANCIAL STATEMENTS OF THE DISTRICT

Included herein as Appendix B is the audited financial statement (and reports with respect thereto) of the District as of June 30, 2007 and June 30, 2008, prepared by CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia. The financial statement has been included herein in reliance upon the reports of the preparers thereof as experts in auditing and accounting.

CoxHollidaPrice LLP has consented to the inclusion of the Berkeley County Public Service District Financial Statements for years ended June 30, 2007 and 2008 in this offering document.

CONTINUING DISCLOSURE

The District has agreed in the Resolution to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2009 Bonds to provide:

(a) within 180 days after the end of its 2008 fiscal year and each subsequent fiscal year, to each nationally recognized municipal securities information repository ("National Repository"), either directly, or, if permitted, through the Central Post Office ("CPO") and to any West Virginia State information depository ("State Depository"), core financial information and operating data for the prior fiscal year, including (i) the District's audited general purpose financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative

The table below lists the coverage amounts for fiscal year ending June 30, 2006-2008.

Description	Audited Financials 06/30/06	Audited Financials 06/30/07	Audited Financials 06/30/08
System Revenues			
Operating	$7,967,780	$9,510,914	$9,671,700
Non-Operating (Interest & Dividend Income)	$367,977	$994,166	$1,440,644
Total	$8,335,757	$10,505,080	$11,112,344
System Expenses			
Operating Expenses & Taxes	$4,296,961	$4,814,813	$5,159,443
Depreciation Expense	$1,811,142	$2,220,408	$2,441,160
Interest Expense	$1,363,422	$1,921,557	$2,642,617
Non-Operating Expenses*	$75,157	$104,565	$158,840
Total	$7,546,682	$9,061,343	$10,402,060
Income (Loss) before Capital Contributions	$789,075	$1,443,737	$710,284
Add back:			
Depreciation Expense	$1,811,142	$2,220,408	$2,441,160
Interest Expense	$1,363,422	$1,921,557	$2,642,617
Amortization of Debt Discount	$73,608	$99,192	$147,579
Net Available for Debt Service	$4,037,247	$5,684,894	$5,941,640
Maximum Annual Debt Service Requirements (All Bonds)	$2,594,844	$3,009,279	$3,936,014
Coverage Ratio	155.59%	188.91%	150.96%

**Includes Amortization of Debt Discount & Losses (Gains) from Disposition of Property*

Source: Annual Public Service Commission reports and audited financial statements.

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Estimated Annual Debt Service Requirements

The following table sets forth for each fiscal year during which the Series 2009 Bonds will be outstanding and the amounts payable from Net Revenues as principal of and interest on the Series 2009 Bonds and the Prior Bonds.

		---------- Estimated Series 2009 Bonds ----------				
FY Ending June 30	Existing Net Bond Payments	Principal Portion	Interest Portion	LESS: Cap. Interest & DSR	Total Payments	Net Total Payment
2007	$2,313,099					$2,313,099
2008	$2,747,361					$2,747,361
2009	$3,249,564		$78,446	($78,446)	$0	$3,249,564
2010	$3,152,243		$271,543		$271,543	$3,423,785
2011	$3,246,850	$280,000	$268,743		$548,743	$3,795,593
2012	$3,245,832	$285,000	$262,808		$547,808	$3,793,640
2013	$3,243,158	$295,000	$256,133		$551,133	$3,794,291
2014	$3,302,754	$245,000	$249,408		$494,408	$3,797,162
2015	$3,304,293	$255,000	$242,653		$497,653	$3,801,946
2016	$3,302,905	$260,000	$235,313		$495,313	$3,798,218
2017	$3,338,374	$270,000	$227,358		$497,358	$3,835,732
2018	$2,961,630	$660,000	$212,778		$872,778	$3,834,408
2019	$3,045,381	$680,000	$191,333		$871,333	$3,916,714
2020	$3,033,182	$190,000	$176,720		$366,720	$3,399,902
2021	$3,046,864	$200,000	$169,408		$369,408	$3,416,272
2022	$3,043,305	$210,000	$161,353		$371,353	$3,414,658
2023	$3,042,479	$215,000	$152,640		$367,640	$3,410,119
2024	$3,039,933	$230,000	$143,345		$373,345	$3,413,278
2025	$3,038,694	$235,000	$133,464		$368,464	$3,407,158
2026	$3,046,190	$250,000	$123,095		$373,095	$3,419,285
2027	$2,455,147	$860,000	$99,230		$959,230	$3,414,377
2028	$2,454,691	$900,000	$60,940		$960,940	$3,415,631
2029	$2,457,357	$935,000	$20,570	($706,980)	$248,590	$2,705,947
2030	$2,457,844					$2,457,844
2031	$2,456,237					$2,456,237
2032	$2,457,797					$2,457,797
2033	$2,458,084					$2,458,084
2034	$2,456,258					$2,456,258
2035	$2,458,305					$2,458,305
2036	$2,455,103					$2,455,103
2037	$2,457,188					$2,457,188
2038	$1,589,236					$1,589,236
2039	$128,660					$128,660
2040	$0					$0
Totals:	$90,485,997	$7,455,000	$3,737,274	($785,425)	$10,406,849	$100,892,846

District's covered payroll amounted to $2,050,401 for the year ended June 30, 2008.

Employees of the District are required to pay 4.5% of their gross earnings to the pension plan. In year ended June 30, 2008, the District made an annual contribution to the plan equal to 10.5% of its covered payroll. Total contributions made during the fiscal year ended June 30, 2008 amounted to $307,560, of which $92,268 was made by employees. Information regarding the plan is available from the State.

Summary of Historical Revenues and Expenses

The table below lists the net income of the District for the last 3 fiscal years as filed with the Public Service Commission of West Virginia.

Description	Audited Financials 06/30/06	Audited Financials 06/30/07	Audited Financials 06/30/08
Operating Revenues	$7,967,780	$9,510,914	$9,671,700
Operating Expenses			
Operation and Maintenance Expenses	$4,160,562	$4,665,342	$4,993,144
Depreciation Expenses	$1,811,142	$2,220,408	$2,441,160
Amortization			
Taxes Other than Income Taxes	$136,399	$149,471	$166,299
Total Operating Expenses	$6,108,103	$7,035,221	$7,600,603
Operating Income	$1,859,677	$2,475,693	$2,071,098
Non-Operating Income			
Interest and Dividend Income	$367,977	$994,166	$1,440,644
Miscellaneous Non-Operating Income			
Miscellaneous Income deductions			
Total Non-Operating Income	$367,977	$994,166	$1,440,644
Non-Operating Expenses			
Interest on Long Term Debt	$1,363,442	$1,921,557	$2,642,617
Amortization of Debt Discount and Expense	$73,608	$99,192	$147,579
Losses (Gains) from Disposition of Property	$1,549	($5,373)	$11,261
Total Non-Operating Expenses	$1,438,599	$2,015,376	$2,801,457
Income (loss) before capital contributions	$789,055	$1,454,483	$710,284
Capital Contributions	$10,242,958	$5,166,288	$6,495,511
NET INCOME	$11,032,013	$6,620,771	$7,205,795

Source: Berkeley County Public Service District Audited Financial Statements and PSC reports

Fire Hydrants; Private Fire Private Protection; Hose Fire Hydrants, each $127.73 per hydrant per year, payable annually. Private Fire Protection Sprinkler systems shall pay $127.73 per year, plus $0.43 per sprinkler head, payable annually.

Hose Connections for fire use only $73.86 per year, payable annually; simplex or duplex.

Delayed Payment: Ten percent (10%).

Reconnection Fee: Twenty dollars ($20.00).

Tap Fee: Four hundred fifty dollars ($450.00)

Leak Adjustment: $0.4896 per 1,000 gallons.

Returned Check Charge: $25.00

Capacity Improvement Fee:

Meter Size	Type	Factor	System Development Charge
⅝ Inch		1	$3,120
¾ Inch		1.5	$4,680
1 Inch		2.5	$7,800
1½ Inch		5	$15,600
	Standard	8	$24,960
	Compound	8	$24,960
2 Inch	Turbine	10	$31,200
	Standard		
	Compound	16	$49,920
3 Inch	Turbine	24	$74,880
	Standard		
	Compound	25	$78,000
4 Inch	Turbine	42	$131,040
	Standard		
	Compound	50	$156,000
6 Inch	Turbine	92	$287,040
	Standard		
	Compound	80	$249,600
8 Inch	Turbine	160	$499,200

The table and chart below depicts the amount of gallons sold for the District, for the last 5 fiscal years.

Customer Description	----June 30, 2004---- Gallons* Sold	Change (%)	----June 30, 2005---- Gallons* Sold	Change (%)	----June 30, 2006---- Gallons* Sold	Change (%)	----June 30, 2007---- Gallons* Sold	Change (%)	----June 30, 2008---- Gallons* Sold	Change (%)
Residential	665,667	------	740,919	11.30%	840,518	13.44%	887,547	5.60%	926,022	4.33%
Commercial	250,551	------	283,629	13.20%	313,060	10.38%	326,465	4.28%	312,427	-4.30%
Industrial	177,455	------	193,875	9.25%	239,633	23.60%	178,410	-25.54%	193,215	8.30%
Public Authorities	19,520	------	19,909	1.99%	27,574	38.50%	21,461	-22.17%	25,427	18.48%
Totals:	1,113,193	------	1,238,332	11.24%	1,420,785	14.73%	1,413,883	-0.49%	1,457,091	3.06%

* *Gallons are in thousands per year.*

Source: Berkeley County Public Service District; Public Service Commission Reports

Rates

Pursuant to the Act, rates and charges are set by the Public Service Commission of West Virginia for the use of and the service rendered by the System sufficient for the payment of sums required to be paid into the various sinking funds and to provide for the repair, replacement, maintenance and operation of the System.

Current Rates

The table below lists the current water rates for General Domestic, Commercial and Industrial Customers:

First	3,000 Gallons Used per Month	$6.65	Per 1,000 Gallons
Next	2,000 Gallons Used per Month	$6.24	Per 1,000 Gallons
Next	5,000 Gallons Used per Month	$6.00	Per 1,000 Gallons
Next	90,000 Gallons Used per Month	$5.55	Per 1,000 Gallons
Over	100,000 Gallons Used per	$3.60	Per 1,000 Gallons

Minimum Charge

⅝ Inch Meter	$19.95	Per Month
1 Inch Meter	$49.90	Per Month
1½ Inch Meter	$99.76	Per Month
2 Inch Meter	$159.93	Per Month
3 Inch Meter	$299.31	Per Month
4 Inch Meter	$498.84	Per Month
6 Inch Meter	$997.69	Per Month
8 Inch Meter	$1,596.30	Per Month

Fire Hydrants; Private Fire Private Protection; Hose Fire Hydrants, each $127.73 per hydrant per year, payable annually. Private Fire Protection Sprinkler systems shall pay $127.73 per year, plus $0.43 per sprinkler head, payable annually.

Hose Connections for fire use only $73.86 per year, payable annually; simplex or duplex.

Delayed Payment: Ten percent (10%).
Tap Fee: Four hundred fifty dollars ($450.00)
Returned Check Charge: $15.00

Reconnection Fee: Twenty dollars ($20.00).
Leak Adjustment: $0.4896 per 1,000 gallons.

Summary of Capital Improvement Plan

The proceeds of the Series 2009 Bonds will be used by the District to finance a portion of the cost of the Project. The plan calls for approximately $8,362,900 in estimated construction costs for various projects. A more detailed description is listed in the table below:

Project Description	Estimated Amount
Projects Financed with Series 2009 Bonds	
Auto Parts Road to Cumbo Yard tank 24" Water Main	$2,300,000
Mid Atlantic Pkwy to Duke Street tank 24" Water Main	$4,200,000
Goldmiller Road 12" Water Main	$639,000
Legal, Administrative, Financial & Engineering	$830,000
Easements & Permits	$104,000
Contingency	$289,900
Total Estimated Construction Cost:	$8,362,900

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THE SYSTEM

History and Development

Berkeley County Public Service District (the "District") was created by The County Commission of Berkeley County (the "County Commission") in 1954 to provide water service to designated unincorporated areas of Berkeley County. In 2000, the County Commission merged Hedgesville Public Service District and Opequon Public Service District into the District. The merger expanded the District's service area to include the entire County, except several small local private systems. Such merger was approved by the Public Service Commission of West Virginia in 2001. The District conducts business under the name "Berkeley County Public Service Water District."

The District currently has a capacity to pump 7,216,646 gallons of water per day. The average daily usage from all sources as of June 30, 2008 is 5,148,260 gallons per day, leaving 2,068,386 gallons of unused capacity. The District uses two water treatment processes: diatomaceous earth filtration (Bunker Hill Plant) and up flow clarification with filtration (Hedgesville and Potomac River Plants).

The District's water supply is provided by the Potomac River, LeFever and Ben Speck Springs. Baker Lakes Well, Baker Heights Well, Springdale Farm Wells and Glenwood Forest Wells. The Potomac River, pursuant to a permit from the State of Maryland, yields on average 2,720,273 gallons daily with a maximum of 4,000,000 gallons per day. The various springs and wells have a combined maximum daily production level of 3,216,646 gallons, bringing the maximum gallons available daily to 7,216,646 as depicted below.

Water Source	Maximum Gallons Yielded Daily	Percentage
Potomac River	4,000,000	55.43%
LeFever Spring	1,700,000	23.56%
Baker Heights Well	137,000	1.90%
Glenwood Forest Well #1	10,975	0.15%
Glenwood Forest Well #2	25,671	0.36%
Glenwood Forest Well #5	40,000	0.55%
Glenwood Forest Well #6	25,000	0.35%
Springdale Farm Well #1	720,000	9.98%
Springdale Farm Well #2	288,000	3.99%
Ben Speck Spring	200,000	2.77%
Baker Lakes Well	70,000	0.97%
Total Gallons Available:	7,216,646	100.00%

Financial Security Assurance Inc.

Financial Security is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Dexia, S.A. ("Dexia"), a publicly held Belgian corporation, and of Dexia Credit Local S.A., a direct wholly-owned subsidiary of Dexia. Dexia, through its bank subsidiaries, is primarily engaged in the business of public finance, banking and asset management in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

For a description of recent events relating to a potential change in ownership of Holdings, please refer to the caption below entitled "Recent Events Regarding Financial Security's Ratings and Ownership of Holdings".

At September 30, 2008, Financial Security's consolidated policyholders' surplus and contingency reserves were approximately $2,635,095,361 and its total net unearned premium reserve was approximately $2,657,570,765 in accordance with statutory accounting principles. At September 30, 2008, Financial Security's consolidated shareholder's equity was approximately $2,715,608,321 and its total net unearned premium reserve was approximately $2,117,731,661 in accordance with generally accepted accounting principles.

Portions of the following documents filed by Holdings with the Securities and Exchange Commission ("SEC") that relate to Financial Security are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) Annual Report of Holdings on Form 10-K for the year ended December 31, 2007,
(ii) Quarterly Report of Holdings on Form 10-Q for the quarter ended March 31, 2008,
(iii) Quarterly Report of Holdings on Form 10-Q for the quarter ended June 30, 2008,
(iv) Current Report of Holdings on Form 8-K filed on November 14, 2008, and
(v) Quarterly Report of Holdings on Form 10-Q for the quarter ended September 30, 2008.

All information relating to Financial Security included in, or as exhibits to, documents filed by Holdings pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the filing of the last document referred to above and before the termination of the offering of the Series 2009 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov or at Holding's website at http://www.fsa.com or will be provided upon request to Financial Security Assurance Inc.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding Financial Security included herein under the captions "BOND INSURANCE – Financial Security Assurance Inc." and " – Recent Events Regarding Financial Security's Ratings and Ownership of Holdings" or included in a document incorporated by reference herein (collectively, the "Financial Security Information") shall be modified or superseded to the extent that any subsequently included Financial Security Information (either directly or through incorporation by reference) modifies or supersedes such previously included Financial Security Information. Any Financial Security Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

The Policy does not protect investors against changes in market value of the Series 2009 Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Series 2009 Bonds or the advisability of investing in the Series 2009 Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the Issuer the information presented under this caption for inclusion in the Official Statement.

disbursements from the Renewal and Replacement Fund may be made for: (a) paying costs of replacements, repairs, improvements or extensions to the System or (b) making up any deficiency in any Reserve Account.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with a state banking corporation or national banking association selected by the District (the "Depository Bank"), for disposition in the following order of priority: (1) first, to pay the current monthly Operating Expenses of the System; (2) next, remit to the Commission (i) the amounts required by the Prior Resolutions for deposit to the Sinking Funds of the Prior Bonds for payment of interest, if any, on and principal of the Prior Bonds, (ii) for monthly deposit in the Series 2009 Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2009 Bonds on the next ensuing semiannual interest payment date, and (iii) for monthly deposit in the Series 2009 Bonds Sinking Fund, a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2009 Bonds on the next ensuing principal payment date or mandatory redemption date (provided, that until the first interest payment date, the District shall make equal monthly payments into the Sinking Fund in an amount which shall be reduced by any earnings credited to the Sinking Fund, if any, will be sufficient to pay principal and interest due on the first principal and interest date); (3) next, remit to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts of the Prior Bonds, and then for restoration of any deficiency in the funding of the Series 2009 Bonds Reserve Account; and (4) next, for monthly transfer to the Renewal and Replacement Fund, a sum equal to 2 ½% of Gross Revenues each month, exclusive of any payments for account of any Reserve Account. As described under "Sources of Payment" above, the Series 2009 Bonds and the Prior Bonds (except the Series 1993 C Bonds, which have a junior lien) are secured by a first parity lien on the Net Revenues of the System.

Enforcement of Collections

The District covenants in the Resolution to diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the PSC and other laws of the State. Under the Act, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

The District further covenants and agrees that it will, to the full extent permitted by law and regulations promulgated by the PSC, discontinue and shut off the services and facilities of the System to all delinquent users of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, has been fully paid. (See "THE SYSTEM - Customer Statistics.")

Additional Parity Bonds

The Resolution provides for the issuance of additional bonds on a parity with the Series 2009 Bonds (limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable) with respect to the Prior Bonds lien on the Net Revenues of the System and their source of and security for payment from said Net Revenues (the "Parity Bonds") for the following purposes and under the following conditions:

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 120% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

Series 2009 Bonds to any Participant having the Series 2009 Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2009 Bonds.

Optional Redemption

The Series 2009 Bonds maturing on or after December 1, 2017, are subject to redemption on or after December 1, 2016, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period	Redemption Price
December 1, 2016 and thereafter	100%

In the event of such optional redemption, the Board may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

Notice of any redemption of Bonds shall be given by the Registrar, on behalf of the District, to registered owners of the Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner described herein, and moneys necessary for their redemption of the Bonds having been deposited, the Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the District shall default in the payment of the redemption price), such Bonds shall cease to bear interest.

Mandatory Sinking Fund Redemption

The Series 2009 Bonds maturing on December 1, 20__*, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2009 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on December 1, 20__, and on each December 1 thereafter to and including December 1, 20__, in annual principal amounts as follows:

Year	Amount
	$
*	$

The Series 2009 Bonds maturing on December 1, 20__*, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2009 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on December 1, 20__, and on each December 1 thereafter to and including December 1, 20__, in annual principal amounts as follows:

Year	Amount
	$
*	$

* Final Maturity

THE SERIES 2009 BONDS

General

Interest on the Series 2009 Bonds will accrue from the date of delivery and will be payable June 1, 2009 and semi-annually thereafter (each June 1 and December 1) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of $500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Book-Entry Bonds

The Series 2009 Bonds will be available to individual purchasers in book-entry form only. Purchasers of the Series 2009 Bonds will not receive certificates representing their interests in the Series 2009 Bonds purchased.

The Depository Trust Company ("DTC"), New York, New York will act as securities depository ("Securities Depository") for the Series 2009 Bonds. The Series 2009 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Series 2009 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited purpose trust company organized under New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (the "Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need of physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange LLC, the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of the Series 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009 Bonds in DTC's records. The ownership interest of each actual purchaser of each Series 2009 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2009 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2009 Bonds, except in the event that use of the book-entry system for the Series 2009 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2009 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

OFFICIAL STATEMENT
relating to

$7,455,000*
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS,
SERIES 2009 (BANK QUALIFIED)

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning Berkeley County Public Service District (the "District"), the District's waterworks system hereinafter described and defined and the District's Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Series 2009 Bonds"). The Series 2009 Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a bond resolution and supplemental resolution adopted by the Board of the District on January 12, 2009 (collectively, the "Resolution").

The Series 2009 Bonds are being issued to (i) to finance the costs of design, acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer; (ii) to capitalize a portion of the interest on the Series 2009 Bonds through June 1, 2009; (iii) to fund the Series 2009 Bonds Reserve Account; and (iv) to pay costs of issuance of the Series 2009 Bonds and related costs.

The District currently has outstanding (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 (the "Series 1993 C Bonds"); (iii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iv) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (v) Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of $3,339,090 (the "Series 1997 Bonds"); (vi) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, issued in the original aggregate principal amount of $2,010,000 (the "Series 2001 A Bonds"); (vii) Water Refunding Revenue Bonds, Series 2003 A, dated April 1, 2003, issued in the original aggregate principal amount of $1,330,000 (the "Series 2003 A Bonds"); (viii) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (ix) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (x) Water Revenue Bonds, Series 2004, dated December 30, 2004, issued in the original aggregate principal amount of $10,000,000 (the "Series 2004 Bonds"); (xi) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (xii) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); and (xiii) Water Revenue Bonds, Series 2008, dated January 4, 2008, issued in the original aggregate principal amount of $9,500,000 (the "Series 2008 Bonds"); (collectively, hereinafter called the "Prior Bonds"). The resolutions pursuant to which the Prior Bonds were issued are hereinafter collectively called the "Prior Resolutions."

The Series 2009 Bonds are payable from and secured by the Net Revenues (as defined in the Resolution) derived from the System on a parity with or senior to the Prior Bonds and from funds on deposit in the Series 2009 Bonds Sinking Fund and the Series 2009 Bonds Reserve Account.

*Preliminary, subject to change

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$7,455,000*
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS,
SERIES 2009 (BANK QUALIFIED)

MATURITY SCHEDULE

SERIES 2009 BOND TERMS

Maturity Date	Principal Amount*	Interest Rate	Price or Yield	CUSIP No.**
December 1, 2011	$280,000	____%	____%	_____
December 1, 2012	$285,000	____%	____%	_____
December 1, 2013	$295,000	____%	____%	_____
December 1, 2014	$245,000	____%	____%	_____
December 1, 2015	$255,000	____%	____%	_____
December 1, 2016	$260,000	____%	____%	_____
December 1, 2017	$270,000	____%	____%	_____
December 1, 2018	$660,000	____%	____%	_____
December 1, 2019	$680,000	____%	____%	_____
December 1, 2020	$190,000	____%	____%	_____
December 1, 2021	$200,000	____%	____%	_____
December 1, 2022	$210,000	____%	____%	_____
December 1, 2023	$215,000	____%	____%	_____
December 1, 2024	$230,000	____%	____%	_____
December 1, 2025	$235,000	____%	____%	_____
December 1, 2026	$250,000	____%	____%	_____
December 1, 2027	$860,000	____%	____%	_____
December 1, 2028	$900,000	____%	____%	_____
December 1, 2029	$935,000	____%	____%	_____

*Preliminary, subject to change

** CUSIP data on the cover page is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are being provided solely for the convenience of the Owners of the Bonds only at the time of issuance of the Notes and neither the Underwriter nor the Issuer make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds.

Other than with respect to information concerning Financial Security Assurance Inc. ("Financial Security") contained under the caption "Bond Insurance" and Appendix F "Specimen Municipal Bond Insurance Policy" herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2009 Bonds; or (iii) the tax exempt status of the interest on the Series 2009 Bonds.

The following table represents the current labor force and employment data for Berkeley County and the state of West Virginia:

Calendar Year	Area	Civilian Labor Force	Total Employment	Total Unemployment	Unemployment Rate
2007	Berkeley County	45,130	43,470	1,660	3.70%
	West Virginia	818,200	785,300	32,900	4.00%
2006	Berkeley County	44,520	42,640	1,880	4.20%
	West Virginia	807,000	767,100	39,900	4.90%
2005	Berkeley County	43,909	41,530	1,790	4.70%
	West Virginia	800,400	760,600	39,700	5.00%
2004	Berkeley County	41,030	39,330	1,700	4.20%
	West Virginia	790,900	749,000	41,900	5.30%
2003	Berkeley County	37,950	36,160	1,790	4.70%
	West Virginia	787,000	739,000	48,000	6.10%
2002	Berkeley County	37,870	35,980	18,800	5.00%
	West Virginia	804,000	755,000	49,000	6.10%
2001	Berkeley County	38,290	36,880	1,410	3.70%
	West Virginia	821,000	781,000	40,000	4.80%
2000	Berkeley County	36,680	35,590	1,090	3.00%
	West Virginia	809,000	765,000	45,000	5.50%
1999	Berkeley County	35,710	34,400	1,310	3.70%
	West Virginia	816,000	763,000	54,000	6.60%
1998	Berkeley County	34,300	32,970	1,340	3.90%
	West Virginia	797,000	744,000	53,000	6.60%
1997	Berkeley County	33,480	31,960	1,530	4.60%
	West Virginia	803,000	748,000	55,000	6.90%

Source: 2007 West Virginia Bureau of Employment Programs

The table below lists the largest employers of Berkeley County, West Virginia (October, 2008):

Employer	Number of Employees
Berkeley County Schools	2,014
West Virginia Air National Guard	1,300
Veterans Administration Center	1,200
City Hospital	1,017
Quad/Graphics, Inc.	1,000
Enterprise Computing Center	900
Quebecor World Printing	500
U.S. Coast Guard Operations System Center	440
Regional Education Services Agency VIII	416
MAAX Aker Plastics Bathroom Sector	407

Source: 2008 Berkeley County Development Authority

Appendix B

AUDITED FINANCIAL STATEMENT
FOR FISCAL YEARS ENDED JUNE 30, 2008 AND 2007

Berkeley County
Public Service Water District

Financial Statements

For the years ended June 30, 2008 and 2007

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BERKELEY COUNTY PUBLIC
SERVICE WATER DISTRICT

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

The Members of the Public Service Board
Berkeley County Public Service Water District

We have audited the accompanying financial statements of the business-type activities of Berkeley County Public Service Water District ("District") as of and for the years ended June 30, 2008 and 2007 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Berkeley County Public Service Water District as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 10 and pages 33 and 34, are not a required part of the basic financial statements, but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Berkeley County Public Service Water District's basic financial statements. The supplemental information on page 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

CoxHollidaPrice LLP

October 21, 2008

BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Our discussion and analysis of the Berkeley County Public Service Water District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Independent Auditor's Report on pages 3 and 4 and the District's financial statements that begin on page 11.

HIGHLIGHTS

Financial highlights

- The District's net assets increased by $7.2 million, or 15.4 % as a result of this year's operations.
- Total operating revenues increased to $9.67 million or 1.7 % in FY2008 while operating expenses increased 6.0 %.
- The District's capital contributions increased by $1,329,219 to $6.46 million, a 25.7% increase from last year.

District highlights

- The District issued $11.8 million in revenue bonds during FY2008 for projects which commenced during FY2008. The following projects remain as work-in-progress.

  - *Potomac River WTP Upgrade*
  - *New Potomac River Intake*
  - *2 million gallon water storage tank at Cumbo Yard*
  - *30" water main Waltson Dr. to Mid Atlantic Parkway*
  - *16" water main Charles Town Road*
  - *12" water main Winchester Avenue (Emergency interconnection with Frederick County, VA)*
  - *Water Well Exploration*
  - *Countywide Radio Telemetry*
  - *Emergency Power Generation Facilities*

- The District completed $2.32 million of water capital improvement projects, including the 24" water main to serve the Cumbo Yard tank and the 16" water main on Giles Mill Road.
- There were 17.1 miles of water mains added to the water distribution system of the District during the year. 13.1 miles were installed by developers (estimated cost $4.596 million) who subsequently transferred ownership to the District.
- The number of customers served by the District increased from 18,432 to 18,983 or an increase of 2.99 %. Growth continues to create a need for additional resources to efficiently maintain the water system.

USING THIS ANNUAL REPORT

This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements, and Required Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

Required financial statements

The Financial Statements of the District report information about the District using accounting methods similar to those used by private-sector companies. These statements offer short- and long-term financial information about its activities. The Balance Sheet includes all of the

District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine 1) whether the District has successfully recovered all its costs through its user fees and other charges, 2) profitability, and 3) credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities and provides answers to such questions as "from where did cash come?", "for what was cash used?", and "what was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

One of the most important questions asked about the District's finances is "Is the District, as a whole, better off or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Assets report information about the District's activities in a way that will help answer this question. These two statements report the net assets of the District and changes in them. You can think of the District's net assets (the difference between assets and liabilities) as one way to measure financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, population growth, and new or changed legislation.

The District's total net assets increased by $7.2 million from last year. Our analysis below focuses on the District's net assets (Table 1) and changes in net assets (Table 2) during the year.

Table 1

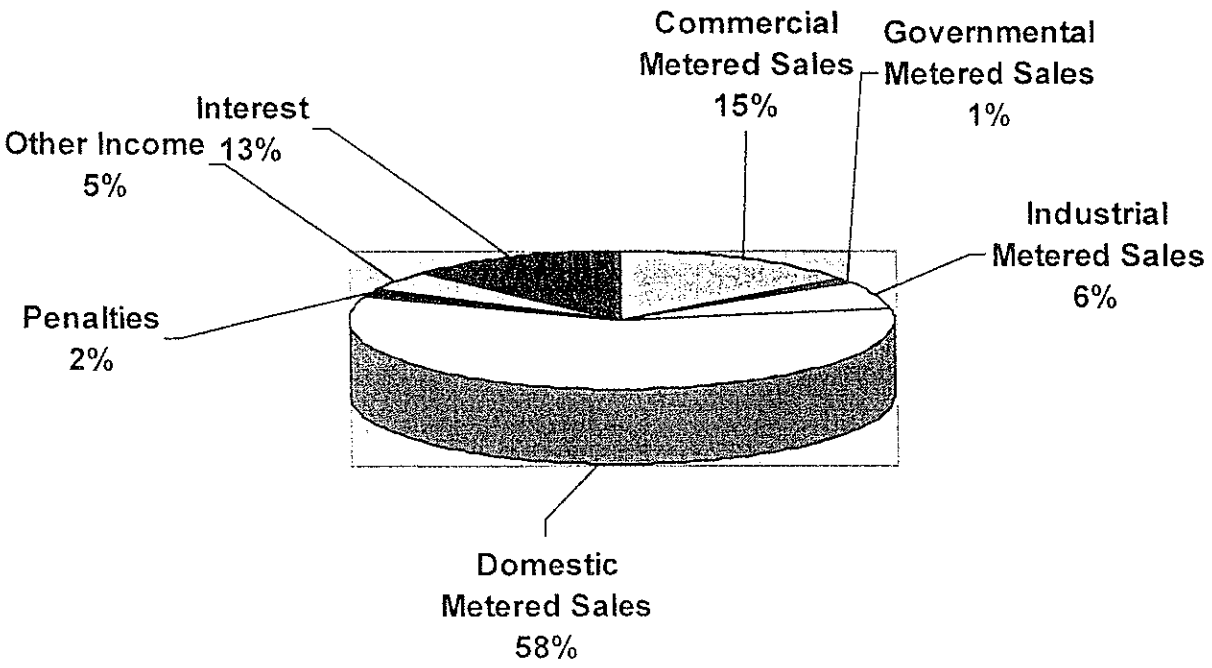
	2008	2007
Capital Assets	$ 93,683,512	$ 67,521,305
Current and other assets	33,727,767	39,698,654
Total assets	127,411,279	107,219,959
Long-term debt outstanding	67,594,954	57,058,986
Other liabilities	5,792,731	3,343,176
Total liabilities	73,387,685	60,402,162
Net assets:		
Invested in capital assets, net of debt	23,194,455	9,151,802
Restricted	28,220,361	34,511,974
Unrestricted	2,608,778	3,154,021
Total net assets	$ 54,023,594	$ 46,817,797

Changes in the District's net assets can be determined by reviewing the following condensed Statement of Revenue, Expenses and Changes in Net Assets for the year.

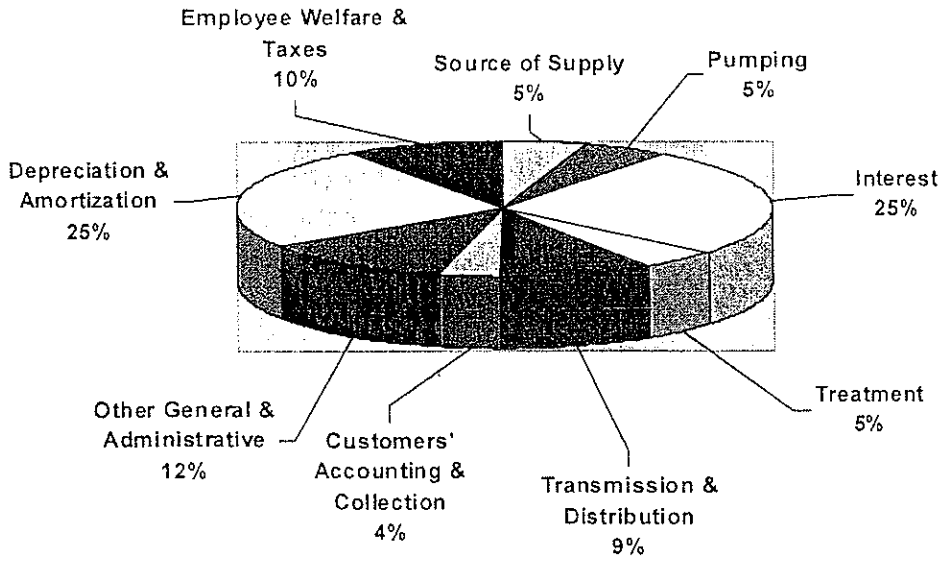
Table 2

	2008	2007
Net Operating Revenues	$ 9,671,701	$ 9,510,913
Interest income	1,440,644	994,166
Total Revenues	11,112,345	10,505,079
Operating Expenses	5,159,441	4,868,400
Interest expense	2,677,605	1,956,544
Other (income) expenses	123,853	58,833
Depreciation	2,441,160	2,218,175
Total expenses	10,402,059	9,101,952
Excess of revenues over expenses	710,286	1,403,127
Capital Contributions	6,495,511	5,166,292
Change in net assets	7,205,797	6,569,419
Net assets at beginning of year	46,817,797	40,248,378
Net assets at end of year	$ 54,023,594	$ 46,817,797

2008 Revenues by Source



2008 Expenses by Function



Total operating revenues reflect a 1.7 % increase in 2008 compared to 2007 due to an increase in the number of customers. Interest income was greater in 2008 because the District had additional funds to invest compared to the year before.

Operating expenses increased by approximately 6.0 % in 2008 compared to 2007 due primarily to increased costs for computer services, accounting fees, energy and fuel, labor and benefits, bond issue debt service and maintenance of storage tanks, water mains and fire hydrants.

THE DISTRICT'S CASH FUNDS

The District is operated as a proprietary or enterprise fund venture. As such the District operates **six** primary cash fund types. The **General Cash Fund** has been established since the District's inception to report charges to water customers and for services provided to them. The **Renewal and Replacement (R & R) Cash Fund** is required by bond documents and is used to provide replacements of capital equipment and vehicles and for major repairs to water production and storage equipment. The **Construction Cash Fund** is used for the orderly disbursement of bond monies to complete approved projects. The **Security Deposit Cash Fund** is used strictly as an escrow depository for customer security deposits. The **Tank Maintenance Cash Fund** provides for the systematic completion of required maintenance of the District's water storage tanks. The **Capacity Improvement Fee Fund** provides for capital improvements as authorized by the West Virginia Public Service Commission.

Budgetary highlights

The District's Board of Directors adopted the Operating Budget of $10,214,500 for FY 2007/2008 on May 14, 2007. Major differences between budgeted and actual amounts per budgetary basis on the Budgetary Comparison Schedule on page 33 are as follows: Income from Residential water accounts decreased due to an increased amount of rainfall; Interest Income was greater than anticipated. Capacity Improvement Fees were greater than the budgeted amount due to an approved increase in our tariff for this Fee. Also, the refund received from the West Virginia Municipal Bond Commission was more than the budgeted amount. Renewal and replacement funds show less equipment purchased and major repairs made to the system than budgeted for. Lastly, the amount of funds expended on Capital Improvements was significantly more than the budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At the end of the 2008 Fiscal Year, the District had $93.7 million invested in a broad range of capital assets, including water treatment plants, water transmission and distribution mains, water storage facilities, pump stations and pressure reducing stations. This amount represents a net increase (including additions and deductions) of $26.2 million, or nearly 38.8 % over last year. These changes are presented in detail in the notes to the financial statements.

The following table summarizes the District's capital assets, net of accumulated depreciation, for the years ended June 30, 2008 and 2007.

Table 3

	2008	2007
Land and Land Improvements	$ 1,353,268	$ 1,256,244
Utility Plant and equipment	23,537,505	24,370,851
Water lines, meters and hydrants	39,549,906	33,334,672
Office equipment and furniture	55,885	58,599
Vehicles	1,820,714	1,845,286
Shop and garage equipment	296,040	335,231
Construction work in progress	27,070,194	6,320,422
Net utility plant	$ 93,683,512	$ 67,521,305

This year's major additions included:

- Water distribution system upgrades $ 6.99 million
- Potomac River Intake & Treatment Plan $19.42 million
- Other capital construction projects $ .61 million
- Purchase of equipment, vehicles, meters and computers $ .29 million

The District awarded professional design contracts for the following projects:
in FY 2007
- 30 inch Water Main Interstate 81
- New Source Evaluation at Quarries

in FY 2008
- Water Storage Tanks and associates mains
- Large diameter water transmission mains

The District's 2009 capital budget plans for investing $16.25 million in the above listed projects and another $1.52 million in capital additions and equipment, including the following:

New water plants, equipment & land
Service connections and meters
Main line extensions and fire hydrants
Water storage facilities
Vehicles
Computers and equipment
Security improvements

In August 2007, the Public Service Commission of West Virginia approved an increase to the District's Capacity Improvement Fee schedule. The Capacity Improvement Fee, which is applicable to new service connections, provides the District with funds to be used for needed capital improvements and additions as a result of growth in the District's service area.

Berkeley County Public Service Water District

BALANCE SHEETS

June 30, 2008 and 2007

ASSETS

	2008	2007
CURRENT ASSETS		
Cash and temporary investments	$ 1,859,113	$ 1,818,705
Accounts receivable - customers (net of allowance of $40,000)	1,048,744	1,354,801
Inventory	169,233	181,286
Other current assets	41,256	67,958
Total current assets	3,118,346	3,422,750
RESTRICTED ASSETS		
Debt service funds	1,826,961	1,521,030
Debt service reserve funds	3,518,616	3,529,756
Construction funds	16,287,516	25,207,995
Renewal and replacement funds	1,364,877	927,866
Customer deposits	454,283	428,060
Capacity improvement fees	5,195,028	3,309,526
Total restricted assets	28,647,281	34,924,233
Total current and restricted assets	31,765,627	38,346,983
UTILITY PLANT		
Utility plant in service	90,436,849	83,034,113
Construction in progress	27,070,194	6,320,422
Less accumulated depreciation	(23,823,531)	(21,833,230)
Net utility plant	93,683,512	67,521,305
OTHER ASSETS		
Unamortized debt issue expense	1,962,140	1,351,671
Total assets	$ 127,411,279	$ 107,219,959

The accompanying notes are an integral part of this statement.

Berkeley County Public Service Water District

BALANCE SHEETS (Continued)

June 30, 2008 and 2007

LIABILITIES

	2008	2007
CURRENT LIABILITIES (payable from current assets)		
Leases payable (due within one year)	$ 20,434	$ 19,427
Accounts payable	446,879	144,815
Accrued expenses	62,689	123,363
Accrued payroll taxes	39,392	551
Total current liabilities (payable from current assets)	569,394	288,156
CURRENT LIABILITIES (payable from restricted assets)		
Revenue bonds payable (due within one year)	1,159,663	979,501
Accrued interest expense	712,353	663,707
Construction payables	2,924,401	999,553
Customer deposits	426,920	412,259
Total current liabilities (payable from restricted assets)	5,223,337	3,055,020
Total current liabilities	5,792,731	3,343,176
LONG-TERM LIABILITIES		
Advances for construction - developers	79,779	75,028
Leases payable	849,104	869,539
Revenue bonds payable	46,854,387	36,337,722
Less: unamortized deferred loss	(188,316)	(223,303)
Bond anticipation notes payable	20,000,000	20,000,000
Total long-term liabilities	67,594,954	57,058,986
Total liabilities	73,387,685	60,402,162

NET ASSETS

NET ASSETS		
Invested in capital assets, net of related debt	23,194,455	9,151,802
Restricted for debt and construction	28,220,361	34,511,974
Unrestricted	2,608,778	3,154,021
Total net assets	54,023,594	46,817,797
Total liabilities and net assets	$ 127,411,279	$ 107,219,959

The accompanying notes are an integral part of this statement.

Berkeley County Public Service Water District

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Metered water sales		
- domestic	$ 6,457,730	$ 6,331,934
- commercial	1,653,920	1,708,777
- industrial	704,188	630,411
- governmental	137,176	116,042
Customers' forfeited discounts and penalties	188,476	165,733
Other operating income	530,211	558,016
Total operating revenues	9,671,701	9,510,913
OPERATING EXPENSES	5,159,441	4,868,400
Operating income before depreciation	4,512,260	4,642,513
DEPRECIATION	2,441,160	2,218,175
Operating income	2,071,100	2,424,338
NON-OPERATING INCOME (EXPENSE)		
Interest income	1,440,644	994,166
Gain (loss) on disposal of utility plant	(11,261)	5,373
Interest expense	(2,677,605)	(1,956,544)
Amortization	(112,592)	(64,206)
Total non-operating income (expense)	(1,360,814)	(1,021,211)
Increase in net assets before capital contributions	710,286	1,403,127
CAPITAL CONTRIBUTIONS	6,495,511	5,166,292
Increase in net assets	7,205,797	6,569,419
Net assets at beginning of year	46,817,797	40,248,378
Net assets at end of year	$ 54,023,594	$ 46,817,797

The accompanying notes are an integral part of this statement.

Berkeley County Public Service Water District

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 9,992,419	$ 9,221,056
Cash payments for goods and services	(1,977,026)	(2,365,103)
Cash payments for employee services	(2,863,427)	(2,525,521)
Net cash provided by operating activities	5,151,966	4,330,432
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,440,644	994,166
Maturities, redemptions and purchases of certificates of deposit (net)	(4,651,416)	(172,994)
Net cash provided by (used in) investing activities	(3,210,772)	821,172
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from revenue bonds payable	11,800,000	10,000,000
Proceeds from bond anticipation notes payable	-	20,000,000
Proceeds from utility plant disposal	7,428	5,504
Principal payments on revenue bonds payable	(1,103,173)	(920,120)
Principal payments on capital lease payable	(19,427)	(18,470)
Interest paid	(2,593,970)	(1,549,002)
Payments made for advances for construction-developers	(8,234)	(5,687)
Payments received in advance for construction-developers	12,984	52,275
Acquisition and construction of capital assets	(21,992,695)	(6,651,477)
Payment of bond issuance costs-new or anticipated bond issue	(723,061)	(833,354)
Payments received for service connections	24,125	51,500
Payments received for capital improvement fees	1,766,871	1,176,426
Net cash provided by (used in) capital and related financing activities	(12,829,152)	21,307,595
Net increase (decrease) in cash and cash equivalents	(10,887,958)	26,459,199
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	35,050,605	8,591,406
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 24,162,647	$ 35,050,605
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	$ 2,071,100	$ 2,424,338
Depreciation	2,441,160	2,218,175
Adjustments for changes in operating assets and liabilities:		
(Increase) decrease in operating assets	344,812	(329,369)
Increase (decrease) in operating liabilities	294,894	17,288
Net cash provided by operating activities	$ 5,151,966	$ 4,330,432
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Main line extensions contributed by developers	$ 4,704,514	$ 3,938,366

The accompanying notes are an integral part of this statement.

GENERAL

The Berkeley County Public Service Water District ("District") is a public corporation created under the laws of the State of West Virginia on December 12, 1954, for the purpose of operating a water utility and providing water services to customers in its franchise area within Berkeley County. On July 1, 2001, the former Opequon Public Service District and the former Hedgesville Public Service District merged into the Berkeley County Public Service District pursuant to an order made by the Berkeley County Commission and approved by the Public Service Commission of West Virginia. The Berkeley County Public Service District conducts business under the name of the Berkeley County Public Service Water District.

Reporting Entity

For financial reporting purposes, the District is considered an independent reporting entity. The basic criteria for defining the District as an independent reporting entity is the District's financial independence, accountability for fiscal matters, significant influence on operations and ability to designate management.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District are prepared in accordance with Generally Accepted Accounting Principles (GAAP). As a proprietary fund type, the District applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

Financial Reporting Entity

The District complies with GASB Statement No. 14, *"The Financial Reporting Entity."* This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria, there are no component units to include in the District's financial statements.

Basis of Presentation

Accounts of the District are organized on the basis of fund accounting under one fund, an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an *"economic resources"* measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charged to customers for sales and service. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities and Net Assets

For purposes of the statement of cash flows, the District considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

The reserve method is used to provide for possible losses in the collection of customer's accounts receivable.

Inventory is stated at the lower of cost or market using the first in, first out method.

Utility plant is stated at cost at the date of acquisition. Donated assets, principally water lines, are recorded at an amount which approximates the donor's cost and are recorded as capital contributions. Depreciation is provided on the straight-line method at various rates calculated to allocate the costs of the respective items over their estimated useful lives ranging from 5 to 50 years. Interest paid on loans obtained for construction of plant facilities is capitalized when material. Capitalized interest for the years ended June 30, 2008 and 2007 was $236,034 and $55,896, respectively. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Major classifications of utility plant of the District and their respective useful lives at June 30, 2008 and 2007, are summarized below:

Classification	Useful Lives
Utility plant and equipment	10-50 years
Water lines, meters and hydrants	10-50 years
Office equipment and furniture	5-20 years
Vehicles	5-10 years
Shop and garage equipment	5-25 years

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets (Continued)

Construction work in progress represents costs accumulated for the replacement of sections of the District's transmission and distribution systems, plant expansions and rehabilitation, and other projects that were not completed at year end.

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees may, depending on level and length of service, be paid for various amounts of their total accrued leave upon termination or retirement. The District accrues a liability for leave hours that meets the criteria for payment at the eligible employees' current rates of pay plus retirement benefits and employment taxes. The accrual for compensated absences was $48,743 and $40,011 at June 30, 2008 and 2007, respectively.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the District's balance sheets. Bond issuance costs are reported as "other assets" and amortized over the term of the related debt or on a weighted average of outstanding debt during the year.

Net Asset Classifications

Net assets are classified and displayed in three components:

a. Invested in capital assets, net of related debt-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

b. Restricted net assets-Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Budget

In accordance with West Virginia Code, Management shall prepare and submit to the Board a tentative budget. Such tentative budget shall be considered by the Board and, subject to any revisions or amendments that may be determined by the Board, shall be adopted as the budget for the ensuing fiscal year. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the Board.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments consist of the following accounts and amounts at June 30, 2008 and 2007:

	2008	2007
Operation and maintenance	$ (52,025)	$ 3,141
Other cash	17,510	29,149
Revenue fund – checking	1,470,914	1,386,870
Revenue fund – certificates of deposit	422,714	399,545
Total	$ 1,859,113	$ 1,818,705

The revenue fund is a restricted account under the control of a trustee in accordance with provisions of the revenue bond resolutions; however, these funds are generally available for the operations of the District.

RESTRICTED ASSETS

The debt service funds represent funds on deposit with the West Virginia Municipal Bond Commission as trustee under the various bond resolutions. These funds are to be used to pay bond interest and principal.

The debt service reserve funds represent funds on deposit with the West Virginia Municipal Bond Commission. The District is required to maintain these accounts over the life of the outstanding bond issues.

The construction funds represents funds on deposit with a financial institution and the West Virginia Municipal Bond Commission. These funds are to be used to pay the costs of the District's construction projects.

The renewal and replacement fund represents funds on deposit with several financial institutions for the purpose of meeting unforeseen emergencies or renewal and replacement work.

Customer deposits represent funds on deposit with several financial institutions for the purpose of securing payment for services in the event customer accounts become delinquent.

Capacity improvement fees represent funds on deposit with a financial institution. These fees are collected from all new service connections to the District's water system and are to be used only for upgrades to or construction of the system as stated in the Joint Stipulation approved by the Public Service Commission of West Virginia.

It is the District's policy to first use restricted assets when available and then use general revenues to finance projects and expenses.

DEPOSITS AND INVESTMENTS

At June 30, 2008, the District's cash and investment balances were as follows:

Investment Type	Maturities	Fair Value
Repurchase Agreements	Daily	$ 1,298,161
State Investment Pool	Average of 90 days	21,633,074
Total investments		22,931,235
Cash and Certificates of Deposit		7,575,159
Total Cash, Certificates of Deposit, and Investments		$ 30,506,394

Credit Risk

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia, obligations of the federal mortgage association, indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government, pooled mortgage trusts (subject to limitations), indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades, interest earning deposits which are fully insured or collateralized, and mutual funds registered with S.E.C. which have fund assets over three hundred million dollars. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk-Deposits and Investments (excluding investments at the West Virginia Municipal Bond Commission)

Custodial credit risk is the risk that in the event of a bank or counter party failure, the District will not be able to recover the value of its deposits, investments or collateral securities that are in possession of an outside party. The District does not have a formal deposit policy for custodial credit risk. As of June 30, 2008, $8,550,966 of the District's bank balance of $9,150,966 was exposed to custodial credit risk. Of the bank balance, $600,000 was covered by Federal Deposit Insurance (FDIC). Of the remaining balance of $8,550,966, $7,252,805 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name, and $1,298,161 was invested in overnight repurchase agreements with securities held by the pledging financial institution's trust department or agent, not maintained separately in the District's name.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value changes arising from changing interest rates.

DAILY CASH INVESTMENT REPURCHASE AGREEMENT

The District has a repurchase agreement with a local financial institution for the investment of excess funds in one of the District's bank accounts. Under the repurchase agreement, all collected balances in the account at the end of each day are automatically withdrawn and used to purchase an investment under the repurchase agreement. Investments are backed by securities that are direct obligations of, or are fully guaranteed as to principal and interest by the United States of America or any agency thereof. The market value of the investments approximates cost at June 30, 2008 and 2007.

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance at July 01, 2006	Additions	Retirements	Balance at June 30, 2007
Land and land improvements	$ 1,081,966	$ 246,722	$ -	$ 1,328,688
Utility plant and equipment	32,337,124	3,842,672	-	36,179,796
Water lines, meters and hydrants	36,223,918	4,878,965	-	41,102,883
Office equipment and furniture	366,892	5,189	24,570	347,511
Vehicles	2,863,159	55,450	29,685	2,888,924
Shop and garage equipment	1,183,700	6,866	4,255	1,186,311
Construction work in progress	4,106,236	6,605,196	4,391,010	6,320,422
Total capital assets	$ 78,162,995	$ 15,641,060	$ 4,449,520	$ 89,354,535

	Balance at July 1, 2006	Additions	Retirements	Balance at June 30, 2007
Less accumulated depreciation:				
Land and land improvements	$ 69,396	$ 3,048	$ -	$ 72,444
Utility plant and equipment	11,003,247	805,698	-	11,808,945
Water lines, meters and hydrants	6,509,987	1,258,224	-	7,768,211
Office equipment and furniture	290,162	23,289	24,539	288,912
Vehicles	985,201	88,023	29,586	1,043,638
Shop and garage equipment	815,441	39,894	4,255	851,080
Total accumulated depreciation	$ 19,673,434	$ 2,218,176	$ 58,380	$ 21,833,230
Net capital assets	$ 58,489,561	$ 13,422,884	$ 4,391,140	$ 67,521,305

CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance at July 01, 2007	Additions	Retirements	Balance at June 30, 2008
Land and land improvements	$ 1,328,688	$ 100,000	$	$ 1,428,688
Utility plant and equipment	36,179,796	21,461	5,482	36,195,775
Water lines, meters and hydrants	41,102,883	7,666,169	394,374	48,374,678
Office equipment and furniture	347,511	12,684	9,434	350,761
Vehicles	2,888,924	71,971	58,881	2,902,014
Shop and garage equipment	1,186,311	-	1,378	1,184,933
Construction work in progress	6,320,422	20,749,772	-	27,070,194
Total capital assets	$ 89,354,535	$ 28,622,057	$ 469,549	$ 117,507,043

	Balance at July 01, 2007	Additions	Retirements	Balance at June 30, 2008
Less accumulated depreciation:				
Land and land improvements	$ 72,444	$ 2,976	$	$ 75,420
Utility plant and equipment	11,808,945	854,807	5,482	12,658,270
Water lines, meters and hydrants	7,768,211	1,432,484	375,923	8,824,772
Office equipment and furniture	288,912	15,165	9,201	294,876
Vehicles	1,043,638	96,543	58,881	1,081,300
Shop and garage equipment	851,080	39,186	1,373	888,893
Total accumulated depreciation	$ 21,833,230	$ 2,441,161	$ 450,860	$ 23,823,531
Net capital assets	$ 67,521,305	$ 26,180,896	$ 18,689	$ 93,683,512

REVENUE BONDS PAYABLE

The District is obligated under certain bond resolutions with respect to the following revenue bonds outstanding as of June 30, 2008 and 2007:

	2008	2007
Series B 1993 water revenue bonds in the original amount of $528,871, payable in annual installments, with increasing principal and interest beginning October 1, 1993 at $2,359 and concluding October 1, 2031 at $40,229 including 7.75% interest;	$ 466,059	$ 472,766
Series C 1993 water revenue bonds in the original amount of $17,629, payable in annual installments, beginning October 1, 1993 and concluding October 1, 2031 at $452 with no interest;	10,849	11,301

REVENUE BONDS PAYABLE (Continued)

	2008	2007
Series D 1993 water revenue bonds in the original amount of $10,257,957, total annual installments of principal and interest at $751,218; principal payable in annual installments beginning October 1, 1995 and concluding April 1, 2033 with interest payable in semi-annual installments at 6.75%;	$ 9,092,592	$ 9,221,367
Series 1996 water revenue bonds in the original amount of $677,158, payable in annual installments, with increasing principal and interest beginning October 1, 1997 at $4,392 and concluding October 1, 2035 at $43,966 including 6.25% interest;	610,538	618,590
Series 1997 water revenue bonds in the original amount of $3,339,090, payable in quarterly installments of $41,223 beginning December 1, 1997 and concluding December 1, 2017 with no interest;	618,350	906,913
Series 2001 water revenue bonds in the original amount of $2,010,000, payable in annual installments with varying principal and interest beginning October 1, 2002 at $15,502 and concluding October 1, 2039 at $124,841 including 5.8% interest;	1,902,412	1,922,962
Series A 2003 water revenue refunding bonds in the original amount of $1,330,000, payable in annual installments with varying principal and interest beginning March 2004 at $300,000 including interest at 1.2% and concluding March 2010 at $50,000 including interest at 3.3%;	100,000	210,000
Series B 2003 water revenue refunding bonds in the original amount of $2,030,000, payable in annual installments with varying principal and interest beginning September 2003 at $50,000 including 2% interest and concluding September 2019 at $160,000 including 4.4% interest;	1,705,000	1,755,000
Series C 2003 water revenue bonds in the original amount of $2,430,000, payable in annual installments with varying principal and interest beginning October 2004 at $73,490 and concluding October 2023 at $185,704 including 5% interest;	2,113,250	2,198,324

REVENUE BONDS PAYABLE (Continued)

	2008	2007
Series 2004 water revenue bonds in the original amount of $10,000,000, principal payable in annual installments at varying amounts and semi-annual interest at varying rates averaging 3.96%; interest payments beginning June 2005 and principal payments beginning December 2007 and concluding December 2024 including 4.3% interest;	$ 9,595,000	$ 10,000,000
Series 2006 water revenue bonds in the original amount of $10,000,000, principal payable in annual installments at varying amounts and semi-annual interest payments beginning June 2007 at 3.5% and principal payments beginning December 2009 and concluding December 2036 including 4.3% interest;	10,000,000	10,000,000
Series 2007 water revenue bonds in the original amount of $2,300,000, principal payable in annual installments at varying amounts and semi-annual interest payments at varying rates averaging 4.20%; interest payments beginning June 2008 and principal payments beginning December 2013 and concluding December 2025 including 4.25% interest;	2,300,000	-
Series 2008 water revenue bonds in the original amount of $9,500,000, principal payable in annual installments at varying amounts and semi-annual interest payments at varying rates averaging 4.19%; interest payments beginning June 2008 and principal payments beginning December 2025 and concluding December 2037 including 4.25% interest.	9,500,000	-
	$ 48,014,050	$ 37,317,223

REVENUE BONDS PAYABLE (Continued)

Maturities of revenue bonds payable and interest payments for each of the next five years and in subsequent five year increments succeeding June 30, 2008 are as follows:

Year Ending June 30	Principal	Interest
2009	$ 1,159,663	$ 2,225,702
2010	1,110,764	2,187,934
2011	1,097,864	2,149,309
2012	1,094,810	2,110,152
2013	1,010,430	2,068,212
2014-2018	6,066,375	9,568,830
2019-2023	7,410,241	7,978,077
2024-2028	9,167,376	5,847,598
2029-2033	9,349,631	3,784,298
2034-2038	10,304,057	1,157,372
2039-2040	242,839	14,282
	$ 48,014,050	$ 39,091,764

The revenue bond issues are secured by a lien on the revenues derived from the system and a statutory mortgage lien on the system plant.

	Balance at July 01, 2006	Additions	Deductions	Balance at June 30, 2007
Water revenue bonds:				
Series B 1993	$ 478,990	$ -	$ 6,224	$ 472,766
Series C 1993	11,753	-	452	11,301
Series D 1993	9,342,000	-	120,633	9,221,367
Series 1996	626,168	-	7,578	618,590
Series 1997	1,236,700	-	329,787	906,913
Series 2001	1,942,385	-	19,424	1,922,961
Series A 2003	490,000	-	280,000	210,000
Series B 2003	1,830,000	-	75,000	1,755,000
Series C 2003	2,279,346	-	81,022	2,198,324
Series 2004	10,000,000	-	-	10,000,000
Series 2006	-	10,000,000	-	10,000,000
Total water revenue bonds payable	$ 28,237,342	$ 10,000,000	$ 920,119	$ 37,317,223
Less: Current portion due in upcoming year:				979,501
Long-term water revenue bonds payable at June 30, 2007 (net of current portion)				$ 36,337,722

REVENUE BONDS PAYABLE (Continued)

	Balance at July 01, 2007	Additions	Deductions	Balance at June 30, 2008
Water revenue bonds:				
Series B 1993	$ 472,766	$ -	$ 6,707	$ 466,059
Series C 1993	11,301	-	452	10,849
Series D 1993	9,221,367	-	128,775	9,092,592
Series 1996	618,590	-	8,052	610,538
Series 1997	906,913	-	288,563	618,350
Series 2001	1,922,962	-	20,550	1,902,412
Series A 2003	210,000	-	110,000	100,000
Series B 2003	1,755,000	-	50,000	1,705,000
Series C 2003	2,198,324	-	85,073	2,113,250
Series 2004	10,000,000	-	405,000	9,595,000
Series 2006	10,000,000	-	-	10,000,000
Series 2007	-	2,300,000	-	2,300,000
Series 2008	-	9,500,000	-	9,500,000
Total water revenue bonds payable	$ 37,317,223	$ 11,800,000	$ 1,103,173	$ 48,014,050
Less: Current portion due in upcoming year:				1,159,663
Long-term water revenue bonds payable at June 30, 2008 (net of current portion)				$ 46,854,387

The significant covenants contained in the bond issues are as follows:

Actual coverage ratio	155.8	%
Required coverage ratio	120.0	%
Required renewal and replacement fund	$ 241,793	
Required debt service reserve (to be funded over 10 years)	$ 3,382,658	

The above actual coverage ratio excludes the 2007 bond anticipation note and 2007 note interest. This issue is not secured by the net revenues of the system.

BOND ANTICIPATION NOTE PAYABLE

The District is obligated under certain bond resolutions with respect to the following revenue bonds outstanding as of June 30, 2007 and 2006:

	2008	2007
Series 2007 bond anticipation note in the original amount of $20,000,000 with semi-annual interest beginning August 2007 at 4.25% and total principal payable February 2014 including 4.25% interest.	**$ 20,000,000**	$ 20,000,000

BOND ANTICIPATION NOTE PAYABLE (Continued)

Maturities of bond anticipation note payable and interest payments for each of the next five years and in subsequent five year increments succeeding June 30, 2008 are as follows:

Year Ending June 30	Principal	Interest
2009	$ -	$ 850,000
2010	-	850,000
2011	-	850,000
2012	-	850,000
2013	-	850,000
2014	20,000,000	850,000
	$ 20,000,000	$ 5,100,000

The bond anticipation note issue is secured by a first lien on the Capacity Improvement Fees and Surplus Revenues derived from the System, and the proceeds of bonds to be hereafter issued to provide permanent financing for the Project.

	Balance at July 01, 2007	Additions	Deductions	Balance at June 30, 2008
Long-term bond anticipation note payable:				
Series 2007	$ 20,000,000	$ -	$ -	$ 20,000,000

The significant covenants contained in the bond issue are as follows:

Actual coverage ratio	127.5	%
Required coverage ratio	100.0	%
Required renewal and replacement fund	$ 241,793	
Required debt service reserve	$ 1,000,000	

The above actual coverage ratio includes all prior revenue bonds payable and the interest on Series 2007. Principal due on 2008 notes at maturity is not required per covenants to be included.

LINE OF CREDIT PAYABLE

On March 2, 2007, the District increased their unsecured line of credit from $500,000 to $1,000,000. The District pays interest only on a monthly basis and the principal is due on demand. The interest rate to be applied to the unpaid principal balance varies based on the Prime Rate as published in the *Wall Street Journal*. There was no balance outstanding at June 30, 2008 and 2007. The District did not use the line of credit in the fiscal year ended June 30, 2008 or 2007.

CAPITAL LEASE PAYABLE

The former Hedgesville Public Service District entered into an agreement to lease a water distribution main from the City of Martinsburg, West Virginia ("City"). Under the agreement, the District pays the City monthly lease payments beginning in 2001 over a thirty-year term. At the end of the lease, ownership of the leased property is transferred to the District.

CAPITAL LEASE PAYABLE (Continued)

Minimum future lease payments under capital leases as of June 30, 2008, for each of the next five years and in the aggregate, are:

2009	$	63,984
2010		63,984
2011		63,984
2012		63,984
2013		63,984
2014-2018		319,810
2019-2023		319,645
2024-2028		319,568
2029-2032		195,055
Total minimum lease payments	$	1,473,998
Less: amount representing interest		604,460
Present value of net minimum lease payments	$	869,538

In addition to leasing the water distribution main, the District committed to pay a minimum of approximately $29,000 annually for purchased water from the City once the water distribution main is put in service. The water distribution main was placed in service in 2003.

CAPITAL COMMITMENTS MADE WITH OTHER UTILITY PROVIDERS

On May 17, 2000, the former Berkeley County Public Service District entered into an agreement with the City of Martinsburg, West Virginia ("City"), for the sale and purchase of water. The District has committed to pay a minimum of approximately $200,000 annually for purchased water from a City owned treatment plant. The District also agreed to pay a monthly fee to the City for allocated capacity, cost of funding required reserves, and renewal and replacements. This monthly fee will be based on an approximate $850,000 capital base at an estimated 5.8% interest rate in effect over the term of this agreement (40 years).

OPERATING LEASES

The District entered into an operating lease for administrative space on October 1, 2001. The original lease period expired November 30, 2003, with an option for six additional consecutive one year renewal periods. The District has elected to exercise these annual options to continue the lease. The monthly rental rate for the extension period ended February 1, 2007 was $2,300. On February 1, 2007, an addendum for additional space was entered into for an additional $480 per month, or $2,780 for the period February 1, 2007 through January 31, 2008. The monthly rental rate for the current extension (including the original varying option and the addendum for additional space) is $2,878 per month. This rate will continue through the ammended extension period ending January 31, 2009. Rental expense charged to income for the years ended June 30, 2008 and 2007 was $33,850 and $30,000, respectively.

The District also entered into an operating lease for shop facilities on August 1, 2003. Rental payments under the lease agreement are $2,500 per month. The original lease term expired July 31, 2005. The lease automatically becomes a month-to-month rental agreement at the same amount at expiration of the original lease term. Rental expense charged to income for the years ended June 30, 2008 and 2007 was $30,000 per year.

ADVANCES FOR CONSTRUCTION - DEVELOPERS

These advances represent the unreimbursed cost of line additions constructed by developers and titled to the District. The District is obligated to reimburse the developers based on the revenue derived from customers connected to the lines. The reimbursements are payable for up to a ten year period from the date of completion of the lines and are based on service connections made during a year. In no case is the reimbursement to the developers to exceed the total cost of the line additions. It is estimated that no advances will mature in the year ended June 30, 2009. Also included in this account is an advance payment received by the District of $52,275 for payment for a line to be installed in the future for a development. This is not expected to be completed during the next fiscal year ending June 30, 2009.

RETIREMENT PLAN

All full-time employees of the District are covered by the WV Public Employees Retirement System, a cost-sharing multi-employer PERS.

All full-time employees are eligible after a probationary period of six months and must participate in the State PERS. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire after reaching the age of 60 and accumulating 5 years of credited service in force. Benefits generally vest in varying degrees once a member attains 5 or more years of credited service in force. Employees who retire at age 60 with 5 or more years of credited service in force are entitled to pension payments for the rest of their lives equal to 2% of their final, three-year average salary times the number of years for which they were employed as a participant in the State PERS.

Pension provisions include deferred allowances whereby an employee may terminate his or her employment with the District after accumulating 5 or more years of credited service in force, but before reaching the age of 60. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to certain pension benefits in accordance with the West Virginia Public Employees Retirement Act. Pension provisions include annuity options to provide benefits to a member's nominated beneficiary if so elected. In addition, disability retirement is provided for members who meet certain requirements as specified in the Act. The District's covered payroll amounted to $2,050,401 and $1,758,896 for the years ended June 30, 2008 and 2007, respectively.

Employees of the District are required to pay 4.5% of their gross earnings to the pension plan. The District was required to make annual contributions to the plan equal to 10.5% of its covered payroll. Total contributions made during the fiscal years ended June 30, 2006 through 2008 amounted to $226,035, $263,834, and $307,560, respectively, of which $67,811, $79,151, and $92,268 was made by employees. The above contributions represent 100% of the required contributions to the plan. The Information regarding the plan is available from the state of West Virginia.

CONSTRUCTION IN PROGRESS

At June 30, 2008, construction in progress consisted of various water upgrade projects and studies.

Project 912 relates to a future water source consisting of a raw water pump station and main. As of June 30, 2008, project's expenditures totaled $155,612. The total project is estimated to cost $1,746,600 upon completion.

Project 932 relates to water system capital improvements, namely the installation of water mains, metering stations and booster pump station. As of June 30, 2008, expenditures totaling $2,570,995 had been incurred on this project, which is expected to cost approximately $3,058,903 upon completion.

CONSTRUCTION IN PROGRESS (Continued)

Project 933 relates to water system capital improvements, namely the construction of an elevated water storage tank. As of June 30, 2008, expenditures totaling $2,655,290 had been incurred on this project, which is expected to cost approximately $2,950,000 upon completion.

Project 935 relates to water system capital improvements, namely emergency power generation facilities. As of June 30, 2008, expenditures totaling $89,994 had been incurred on this project, which is expected to cost approximately $202,950 upon completion.

Project 936 relates to water system capital improvements, namely installation of radio telemetry facilities. As of June 30, 2008, expenditures totaling $131,751, had been incurred on this project, which is expected to cost approximately $742,890 upon completion.

Project 937 relates to water system capital improvements, namely water well exploration. As of June 30, 2008, expenditures totaling $54,708 had been incurred on this project, which is expected to cost approximately $1,063,600 upon completion.

Project 938 relates to water system capital improvements, namely a raw water source. As of June 30, 2008, expenditures totaling $30,764 had been incurred on this project, which is expected to cost approximately $102,600 upon completion.

Project 942 relates to water system capital improvements, namely a 30" water transmission main. As of June 30, 2008, expenditures totaling $1,145,409 had been incurred on this project, which is expected to cost approximately $4,156,285 upon completion.

Project 943 relates to water system capital improvements, namely a new raw water river intake and pumping station. As of June 30, 2008, expenditures totaling $5,726,259 had been incurred on this project, which is expected to cost approximately $7,250,000 upon completion.

Project 944 relates to water system capital improvements, namely the upgrade and expansion of a water treatment plant. As of June 30, 2008, expenditures totaling $13,754,145 had been incurred on this project, which is expected to cost approximately $17,465,000 upon completion.

Project 945 relates to water system capital improvements, namely a raw water source. As of June 30, 2008, expenditures totaling $32,966 had been incurred on this project, which is expected to cost approximately $151,900 upon completion.

Project 948 relates to water system capital improvements, namely easement acquisition for a water transmission main. As of June 30, 2008, expenditures totaling $11,208 had been incurred on this project, which is expected to cost approximately $111,000 upon completion.

Project 949 relates to water system capital improvements, namely a water audit of the northern water distribution system. As of June 30, 2008, expenditures totaling $91,611 had been incurred on this project, which is expected to cost approximately $149,113 upon completion.

Project 950 relates to water system capital improvements, namely the construction of an elevated water storage tank and water main. As of June 30, 2008, expenditures totaling $67,408 had been incurred on this project, which is expected to cost approximately $2,560,000 upon completion.

CONSTRUCTION IN PROGRESS (Continued)

Project 951 relates to water system capital improvements, namely the installation of water transmission mains. As of June 30, 2008, expenditures totaling $223,280 had been incurred on this project, which is expected to cost approximately $18,600,000 upon completion.

Project 952 relates to water system capital improvements, namely construction of a well field water treatment facility. As of June 30, 2008, expenditures totaling $22,470 had been incurred on this project, which is expected to cost approximately $1,036,000 upon completion.

Project 953 relates to water system capital improvements, namely the installation of security fencing. As of June 30, 2008, expenditures totaling $19,772 had been incurred on this project, which is expected to cost approximately $65,213 upon completion.

Project 954 relates to water system capital improvements, namely the reimbursement to developers to upsize the installation of water mains. As of June 30, 2008, expenditures totaling $26,861 had been incurred on this project, which is expected to cost approximately $425,000 upon completion.

MAINLINE EXTENSIONS

Included in the accompanying statements of revenues, expenses, and changes in net assets are capital contributions, which represent management's estimate of the value of mainline extensions contributed to the District by developers. Mainline extensions constructed by developers are titled to the District upon their completion. Their estimated costs and offsetting capital contributions are recorded in the District's books and totaled $4,704,514 and $3,938,366 for the years ended June 30, 2008 and 2007, respectively. Total capital contributions in the income statement consist of the following:

	2008	2007
Mainline extensions, hydrants, and services	$ 4,704,514	$ 3,938,366
Service connection fees	24,125	51,500
Capacity improvement fees	1,766,871	1,176,426
Total capital contributions	$ 6,495,510	$ 5,166,292

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash and cash equivalents consist of the following at June 30, 2008 and 2007

	2008	2007
Operation and maintenance	$ (51,125)	$ 4,041
Revenue fund	1,470,914	1,386,870
Debt service funds	1,826,961	1,521,030
Debt service reserve funds	3,518,616	3,529,756
Construction fund	16,287,516	25,207,995
Renewal and replacement fund	733,701	550,581
Security deposit funds	69,560	63,846
Capacity improvement fees	306,505	2,786,486
Total	$ 24,162,648	$ 35,050,605

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION (Continued)

The change in cash and cash equivalents by unrestricted and restricted designations consists of the following at June 30, 2008:

	Unrestricted	Restricted	Total
June 30, 2007	$ 1,390,911	$ 33,659,694	$ 35,050,605
June 30, 2008	$ 1,419,789	$ 22,742,858	$ 24,162,647
Increase (decrease) in cash and cash equivalents	$ 28,878	$ (10,916,836)	$ (10,887,958)

COMMITMENT

The District is in the process of issuing approximately $8 million of revenue bonds in order to finance approximately $8 million of water transmission main construction projects. Bank qualified revenue bonds are expected to close in early 2009.

CAPACITY IMPROVEMENT FEE RATE INCREASE

On August 15, 2007, the Public Service Commission of WV approved case no. 07-0167-PWD-T which approved a rate increase in those fees. This increase went into effect immediately.

SUPPLEMENTAL INFORMATION

Berkeley County Public Service Water District

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2008

	Budgeted Amounts (Original)		Budgeted Amounts (Final)		Actual Amounts Budgetary Basis		Budget to GAAP Differences Over (under)		Actual Amounts GAAP Basis
OPERATING REVENUES									
Metered water sales - domestic	$ 6,575,000		$ 6,575,000		$ 6,457,730		$ -		$ 6,457,730
- commercial	1,686,000		1,686,000		1,653,920		-		1,653,920
- industrial	688,000		688,000		704,188		-		704,188
- governmental	119,000		119,000		137,176		-		137,176
Customers' forfeited discounts and penalties	166,600		166,600		188,476		-		188,476
Other operating income	527,700		527,700		530,211		-		530,211
Refunds and reimbursements	389,200		389,200		394,167	(F)	(394,167)		-
Total operating revenues	10,151,500		10,151,500		10,065,868		(394,167)		9,671,701
OPERATING EXPENSES	5,274,000		5,274,000		5,159,441		-		5,159,441
Operating income before depreciation	4,877,500		4,877,500		4,906,427		(394,167)		4,512,260
DEPRECIATION	-	(A)	-		-		2,441,160		2,441,160
Operating income	4,877,500		4,877,500		4,906,427		(2,835,327)		2,071,100
NON-OPERATING INCOME (EXPENSE)									
Interest income	187,000		187,000		254,175	(G)	1,186,469		1,440,644
Interest expense	-	(B)	-		-		(2,677,605)		(2,677,605)
Amortization	-	(A)	-		-		(112,592)		(112,592)
Gain on disposal of utility plant	-	(A)	-		-		(11,261)		(11,261)
Total non-operating income (expenses)	187,000		187,000		254,175		(1,614,989)		(1,360,814)
Increase in net assets before capital contributions	5,064,500		5,064,500		5,160,602		(4,450,316)		710,286
CAPITAL CONTRIBUTIONS	970,000	(H)	970,000		1,766,871		4,728,640		6,495,511
OTHER FINANCING SOURCES (USES)									
Renewal and replacement funds	422,275	(C)	422,275		272,770	(F)	(272,770)		-
Debt service	(4,320,500)	(D)	(4,320,500)		(4,388,684)	(F)	4,388,684		-
Capital improvements	(2,136,275)	(E)	(2,136,275)		(3,362,497)	(F)	3,362,497		-
Total other financing sources (uses)	(6,034,500)		(6,034,500)		(7,478,411)		7,478,411		-
Increase in net assets	-		-		(550,938)		7,756,735		7,205,797
Net assets at beginning of year	46,817,797		46,817,797		46,817,797		-		46,817,797
Net assets at end of year	$ 46,817,797		$ 46,817,797		$ 46,266,859		$ 7,756,735		$ 54,023,594

NOTES

(A) Non-cash items are not included for budgetary purposes.

(B) Interest expense is included in Debt Service for budgetary purposes.

(C) Tank maintenance fund transfers are also included for budgetary purposes.

(D) Includes principal, interest, and funding of debt service and reserve funds. Also includes other debt payments, renewal and replacement funding, tank maintenance funding and developer refunds.

(E) Amounts exclusive of improvements financed with bond proceeds which were not included for budgetary purposes.

(F) Balance sheet transactions are excluded from revenues and expenses under GAAP.

(G) Interest earned on debt service funds or other restricted assets are not included for budgetary purposes.

(H) Capacity improvements fees only.

See independent auditors' report.

Berkeley County Public Service Water District

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2007

	Budgeted Amounts (Original)		Budgeted Amounts (Final)	Actual Amounts Budgetary Basis		Budget to GAAP Differences Over (under)	Actual Amounts GAAP Basis
OPERATING REVENUES							
Metered water sales - domestic	$ 5,934,000		$ 5,934,000	$ 6,331,934		$ -	$ 6,331,934
- commercial	1,629,000		1,629,000	1,708,777		-	1,708,777
- industrial	524,000		524,000	630,411		-	630,411
- governmental	129,200		129,200	116,042		-	116,042
Customers' forfeited discounts and penalties	130,800		130,800	165,733		-	165,733
Other operating income	560,900		560,900	558,016		-	558,016
Refunds and reimbursements	45,500		45,500	772,554	(F)	(772,554)	-
Total operating revenues	8,953,400		8,953,400	10,283,467		(772,554)	9,510,913
OPERATING EXPENSES	4,684,800		4,684,800	4,868,400		-	4,868,400
Operating income before depreciation	4,268,600		4,268,600	5,415,067		(772,554)	4,642,513
DEPRECIATION	-	(A)	-	-		2,218,175	2,218,175
Operating income	4,268,600		4,268,600	5,415,067		(2,990,729)	2,424,338
NON-OPERATING INCOME (EXPENSE)							
Interest income	115,500		115,500	65,658	(G)	928,508	994,166
Interest expense	-	(B)	-	-		(1,956,544)	(1,956,544)
Amortization	-	(A)	-	-		(64,206)	(64,206)
Loss on disposal of utility plant	-	(A)	-	-		5,373	5,373
Total non-operating income (expenses)	115,500		115,500	65,658		(1,086,869)	(1,021,211)
Increase in net assets before capital contributions	4,384,100		4,384,100	5,480,725		(4,077,598)	1,403,127
CAPITAL CONTRIBUTIONS	2,400,000	(H)	2,400,000	1,176,426		3,989,866	5,166,292
OTHER FINANCING SOURCES (USES)							
Renewal and replacement funds	804,100	(C)	804,100	735,601	(F)	(735,601)	-
Debt service	(3,169,600)	(D)	(3,169,600)	(3,681,683)	(F)	3,681,683	-
Capital improvements	(4,418,600)	(E)	(4,418,600)	(2,810,521)	(F)	2,810,521	-
Total other financing sources (uses)	(6,784,100)		(6,784,100)	(5,756,603)		5,756,603	-
Increase in net assets	-		-	900,548		5,668,871	6,569,419
Net assets at beginning of year	40,248,378		40,248,378	40,248,378		-	40,248,378
Net assets at end of year	$ 40,248,378		$ 40,248,378	$ 41,148,926		$ 5,668,871	$ 46,817,797

NOTES

(A) Non-cash items are not included for budgetary purposes.

(B) Interest expense is included in Debt Service for budgetary purposes.

(C) Tank maintenance fund transfers and Capacity improvement fee interest transfers are included for budgetary purposes.

(D) Includes principal, interest, and funding of debt service and reserve funds. Also includes other debt payments, renewal and replacement funding, tank maintenance funding, developer refunds, and capacity improvement fee fund.

(E) Amounts exclusive of improvements financed with bond proceeds which were not included for budgetary purposes.

(F) Balance sheet transactions are excluded from revenues and expenses under GAAP.

(G) Interest earned on debt service funds or other restricted assets are not included for budgetary purposes.

(H) Capacity improvements fees only.

See independent auditors' report.

Berkeley County Public Service Water District

SCHEDULES OF OPERATING EXPENSES

For the years ended June 30, 2008 and 2007

	2008	2007
Source of supply expenses		
Maintenance of sources of supply	$ 43,803	$ 38,147
Operation supervision and labor	9,302	27,048
Water purchased	426,853	561,560
Miscellaneous expenses	77,236	74,963
Rents	1,560	1,560
Total	558,754	703,278
Pumping system expenses		
Power purchased	268,435	266,944
Labor and expenses	249,662	224,385
Miscellaneous expenses	-	2,074
Maintenance of pumping system	466	3
Total	518,563	493,406
Treatment expenses		
Operation supervision and labor	241,007	194,508
Chemical treatment	136,288	120,229
Miscellaneous expenses	86,242	65,289
Maintenance of treatment system	31,328	36,835
Total	494,865	416,861
Transmission and distribution expenses		
Miscellaneous expenses	7,531	12,513
Maintenance of distribution mains	926,923	881,671
Rent - building and equipment	30,000	30,026
Rent - railroad right of way	2,825	2,602
Total	967,279	926,812
Customers' accounting and collection expenses		
Meter reading	36,776	62,323
Accounting and collection	359,379	300,557
Total	396,155	362,880
General and administrative expenses		
Salaries and wages	530,035	492,185
Office and general supplies	30,107	28,880
Outside services	156,872	118,427
Employee welfare	834,270	710,951
Regulatory commission expense	33,136	29,184
Insurance	130,913	128,318
Miscellaneous expenses	278,811	231,314
Maintenance of equipment	63,382	76,433
Payroll taxes	166,299	149,471
Total	2,223,825	1,965,162
Total operating expenses	$ 5,159,441	$ 4,868,400

See independent auditors' report.

201 E. Burke Street
Martinsburg, WV 25401
Phone 304.263.0891
Toll Free 877.242.7278
Fax 304.263.0997

CoxHollidaPrice LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Members of the Public Service Board
Berkeley County Public Service Water District

We have audited the accompanying financial statements of the business-type activities of the Berkeley County Public Service Water District ("District") as of and for the years ended June 30, 2008 and 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the District in a separate letter dated October 21, 2008.

This report is intended solely for the information and use of the District and its various regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

CoxHollidaPrice LLP

October 21, 2008

Appendix C

CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") dated as of February ___, 2009, by and between Berkeley County Public Service District (the "District") and Ross, Sinclaire & Associates, LLC (the "Purchaser") in connection with the $_____ Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Bonds"), issued pursuant to the Bond Resolution adopted by the District on January 12, 2009, and the Supplemental Resolution adopted January 12, 2009 (collectively, the "Resolution"). Capitalized terms used in this Agreement shall have the respective meanings specified in the Resolution or in Article IV hereof. The parties agree as follows:

ARTICLE I

The Undertaking

Section 1.1. Purpose. This Agreement shall constitute a written undertaking for the benefit of the holders of the Bonds, and is being executed and delivered solely to assist the Purchaser in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The District shall provide Annual Financial Information with respect to each fiscal year of the District, commencing with the fiscal year ending June 30, 2009, by no later than 180 days after the end of the respective fiscal year, to each NRMSIR and the SID.

(b) The District shall provide, in a timely manner, notice of any failure of the District to provide the Annual Financial Information by the date specified in subsection (a) above to (i) either the MSRB or each NRMSIR, and (ii) the SID.

Section 1.3. Material Event Notices. (a) If a Material Event occurs, the District shall provide, in a timely manner, notice of each Material Event to (i) either the MSRB or each NRMSIR, (ii) the SID, and (iii) the Purchaser.

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption, provided notices shall not be sent for mandatory sinking fund redemptions as set forth in the Official Statement.

Section 1.4. Additional Disclosure Obligations. The District acknowledges and understands that other State and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the District and that, under some circumstances, additional disclosures or other action in addition to those required by this Agreement may be required to enable the District to fully discharge all of its duties and obligations under such laws.

Section 1.5. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any

Annual Financial Information or notice of Material Event hereunder, in addition to that which is required by this

Agreement. If the District chooses to do so, the District shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Material Event hereunder.

Section 1.6. No Previous Non-Compliance. The District represents that since July 3, 1995, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement, as entered into by the District, as issuer, specified in paragraph (b)(5)(i) of the Rule.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Documents. It shall be sufficient for purposes of this Agreement if the District provides Annual Financial Information by specific reference to documents (i) either (1) provided to each NRMSIR existing at the time of such reference and the SID or (2) filed with the SEC, or (ii) if such document is an Official Statement, available from the MSRB.

Section 2.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 2.3. Transmission of Information and Notices. Unless otherwise required by law, the District shall employ such methods of information and notice transmission as it shall so determine.

Section 2.4. Fiscal Year. The District's current fiscal year is the twelve-month period ending on June 30. The District shall promptly notify (i) each NRMSIR, (ii) the SID and (iii) the Purchaser of each change in its fiscal year.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The District's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the District (1) delivers to the Purchaser an opinion of counsel, addressed to the District and the Purchaser, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to each NRMSIR and the SID.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the District or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the District shall have delivered to the Purchaser an opinion of counsel, addressed to the District and the Purchaser, to the same effect as set forth in clause (2) above, (4) the District shall have delivered to the Purchaser an opinion of Counsel or a determination by a person, in each case unaffiliated with the District (such as bond counsel or the Purchaser) and acceptable to the District, addressed to the District and the Purchaser, to the effect that the amendment does not materially impair the interests of the holders of the Bonds, and (5) the District shall have delivered copies of such opinion(s) and amendment to each NRMSIR and the SID.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the District shall have delivered to the Purchaser an opinion of counsel, addressed to the District and the Purchaser, to the effect that performance by the District and Purchaser under this Agreement as so amended will not result in a violation of the Rule and (3) the District shall have delivered copies of such opinion and amendment to each NRMSIR and the SID.

(c) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the District in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall provide written explanation of such change or changes.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement and shall be deemed to be holders of Bonds for purposes of Section 3.3(b) hereof. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a).

(b) The obligations of the District to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide Annual Financial Information and Material Event notices, by any holder of Outstanding bonds, or by the Purchaser on behalf of the holders of Outstanding bonds, or (ii), in the case of challenges to the adequacy of the Annual Financial Information so provided, by the Purchaser on behalf of the holders of Outstanding Bonds; provided, however, that the Purchaser shall not be required to take any enforcement action except at the direction of the holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Purchaser with adequate security and indemnity. The holders' and Purchaser' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in

mandamus or for specific performance, to compel performance of the District's obligations under this Agreement.

(c) Any failure by the District or the Purchaser to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following items used in this Agreement shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) the District's Annual Financial Report (or any successive document which sets forth comprehensive information relating to the financial position of the District), (ii) operating information similar to that set forth in the Official Statement subsection "The System", and (iii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(c) and (d) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the District, audited by such auditor as shall then be required or permitted by State law. Audited Financial Statements shall be prepared in accordance with GAAP.

(3) "Counsel" means Steptoe & Johnson PLLC, Charleston, West Virginia, or other nationally recognized bond counsel or counsel expert in federal securities law.

(4) "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(5) "Material Event" means any of the following events with respect to the Bonds, whether relating to the District or otherwise, if material:

(i)principal and interest payment delinquencies;
(ii)non-payment related defaults;
(iii)unscheduled draws on debt service reserves reflecting financial difficulties;
(iv)unscheduled draws on credit enhancements reflecting financial difficulties;
(v)substitution of credit or liquidity providers, or their failure to perform;
(vi)adverse tax opinions or events affecting the tax-exempt status of the security;

(vii)modifications to rights of security holders;
(viii)bond calls;
(ix)defeasances;
(x)release, substitution, or sale of property securing repayment of the securities; and
(xi)rating changes.

(6) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

(7) "NRMSIR" means, at any time, a then-existing nationally recognized municipal securities information repository, as recognized from time to time by the SEC for the purposes referred to in the Rule. The NRMSIRs as of the date of this Agreement and filing information relating to such NRMSIRs are set forth in Exhibit A hereto.

(8) "Official Statement" means "final official statement," as defined in paragraph f(3) of the Rule.

(9) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, § 240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(10) "SEC" means the United States Securities and Exchange Commission.

(11) "SID" means, at any time, a then-existing State information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the rule. As of the date of this Agreement, there is no SID.

(12) "State" means the State of West Virginia.

(13) "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

ARTICLE V

Miscellaneous

Section 5.1. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.2. Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof or thereof, or the Bonds, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____
Its: Senior Vice President

1.30.09
067780.00011

EXHIBIT A
to Continuing Disclosure Agreement

Filing information relating to the Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission (subject to change):

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: 609.279.3225
Fax: 609.279.5962
http://www.bloomberg.com/markets/rates/municontracts.html
Email: Munis@Bloomberg.com

DPC Data, Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: 201.346.0701
Fax: 201.947.0107
http://www.dpcdata.com
E-mail: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 Williams Street, 15th Floor
New York, NY 10038
Phone: 212.771.6999; 800-689-8466
Fax: 212.771.7390
http://www.ftid.com
Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, NY 10041
Phone: 212.438.4595
Fax: 212.438.3975
www.disclosuredirectory.standardandpoors.com/
Email: nrmsir_repository@sandp.com

Appendix D

FORM OF BOND COUNSEL OPINION

February ___, 2009

Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2009 (Bank Qualified)

Berkeley County Public Service District Martinsburg, West Virginia Ross, Sinclaire & Associates, LLC Frankfort, Kentucky	Financial Security Assurance Inc. New York, New York West Virginia Water Development Authority Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Berkeley County Public Service District (West Virginia) (the "Issuer") of its $_____ in aggregate principal amount Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Series 2009 Bonds").

The Series 2009 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on January ___, 2009, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on January ___, 2009 (collectively, the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2009 Bonds are issued in fully registered form, are dated February ___, 2009, upon original issuance, mature on December 1 in years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2009, as follows:

Bond No.	Maturity Date (December 1)	Principal Amount	Interest Rate	CUSIP No.

The Series 2009 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices set forth in the Resolution.

The Series 2009 Bonds are issued for the purposes of (i) paying the costs of design, acquisition and construction of certain additions, betterments and improvements to the System; (ii) either

funding, or purchasing a surety bond for, the reserve account for the Series 2009 Bonds; (iii) capitalizing a portion of the interest due on the Series 2009 Bonds to June 1, 2009; and (iv) paying the costs of issuance of the Series 2009 Bonds and other costs in connection with such refunding.

The Series 2009 Bonds have been sold to Ross, Sinclaire & Associates, LLC (the "Purchaser"), pursuant to a Bond Purchase Agreement dated February ___, 2009, and accepted by the Issuer (the "Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2009 Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2009 Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement and the Continuing Disclosure Agreement and has issued and delivered the Series 2009 Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement and the Continuing Disclosure Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2009 Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2009 Bonds (including original issue discount properly allocable to owners of the Series 2009 Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on

corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2009 Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Series 2009 Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2009 Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2009 Bonds set forth in the Resolution, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2009 Bonds to be includable in gross income retroactive to the date of issuance of the Series 2009 Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2009 Bonds except as expressly set forth in paragraph 5.

5. Under the Act, the Series 2009 Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2009 Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Series 2009 Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2009 Bonds, to register any securities under said Securities Acts.

7. The Series 2009 Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, (ii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, (iii) Water Revenue Bonds, Series 1996, dated August 6, 1996, (iv) Water Revenue Bonds, Series 1997, dated June 25, 1997, (v) Water Revenue Bonds, Series 2001 A, dated October 25, 2001, (vi) Water Refunding Revenue Bonds, Series 2003 A (Bank Qualified), dated April 30, 2003, (vii) Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified), dated April 30, 2003, (viii) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, (ix) Water Revenue Bonds, Series 2004 (Bank Qualified), dated December 30, 2004, (x) Water Revenue Bonds, Series 2006 (Bank Qualified), dated December 28, 2006, (xi) Water Revenue Bonds, Series 2007 (Non-Bank Qualified), and (xii) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 (collectively, the "First Lien Bonds"), and senior and prior to the Issuer's Water Revenue

Bonds, Series 1993 C, dated March 8, 1993 (the "Second Lien Bonds"), all in accordance with the terms of the Series 2009 Bonds and the Resolution.

8. The Issuer has designated the Series 2009 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institutions' interest expense allocable to interest on the Series 2009 Bonds.

It is to be understood that the rights of the holders of the Series 2009 Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2009 Bonds, the Resolution, the Continuing Disclosure Agreement and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. R-1 through R-___ of said issue, and in our opinion, said Series 2009 Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

Appendix E

FORM OF THE RESOLUTION

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $10,000,000, THE PROCEEDS OF WHICH SHALL BE EXPENDED TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS AND IMPROVEMENTS TO THE DISTRICT'S EXISTING WATERWORKS TREATMENT AND DISTRIBUTION SYSTEM AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

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

WHEREAS, under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to issue revenue bonds for the purpose of financing the acquisition and construction of additions and improvements to the System;

WHEREAS, there are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon which are designated and have the lien positions with respect to the Net Revenues of the waterworks system of the Issuer as follows:

Designation	Lien Position on Net Revenues
(1) Water Revenue Bonds, Series 1993 B (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 A) (the "Series 1993 B Bonds"), dated March 8, 1993, and issued in the aggregate principal amount of $528,871;	First Lien
(2) Water Revenue Bonds, Series 1993 C (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 B) (the "Series 1993 C Bonds"), dated March 8, 1993, and issued in the aggregate principal amount of $17,629;	Second Lien
(3) Water Revenue Bonds, Series 1993 D (formerly Opequon Public Service District Water Revenue Bonds, Series 1993) (the "Series 1993 D Bonds"), dated July 29, 1993, and issued in the aggregate principal amount of $10,257,957;	First Lien
(4) Water Revenue Bonds, Series 1996 (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1996) (the "Series 1996 Bonds"), dated August 6, 1996, and issued in the aggregate principal amount of $677,158;	First Lien

(5) Water Revenue Bonds, Series 1997 (formerly Opequon Public Service District Water Revenue Bonds, Series 1997) (the "Series 1997 Bonds"), dated June 25, 1997, and issued in the aggregate principal amount of $3,339,090;	First Lien
(6) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority) (the "Series 2001 A Bonds"), dated October 25, 2001, and issued in the aggregate principal amount of $2,010,000;	First Lien
(7) Water Refunding Revenue Bonds, Series 2003 A (Bank Qualified) (the "Series 2003 A Bonds"), dated April 1, 2003, and issued in the aggregate principal amount of $1,330,000.	First Lien
(8) Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified) (the "Series 2003 B Bonds"), dated April 1, 2003, and issued in the aggregate principal amount of $2,030,000;	First Lien
(9) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority) (the "Series 2003 C Bonds"), dated May 15, 2003, and issued in the aggregate principal amount of $2,430,000;	First Lien
(10) Water Revenue Bonds, Series 2004 (Bank Qualified) (the "Series 2004 Bonds"), dated December 30, 2004, and issued in the aggregate principal amount of $10,000,000;	First Lien
(11) Water Revenue Bonds, Series 2006 (Bank Qualified) (the "Series 2006 Bonds"), dated December 28, 2006, and issued in the aggregate principal amount of $10,000,000;	First Lien
(12) Water Revenue Bonds, Series 2007 (Non-Bank Qualified) (the "Series 2007 Bonds"), dated December 21, 2007, and issued in the aggregate principal amount of not more than $2,300,000; and	First Lien
(13) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008, and issued in the aggregate principal amount of not more than $9,500,000.	First Lien

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds and the Series 2008 Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds. The First Lien Bonds and Second Lien Bonds are collectively sometimes hereinafter collectively referred to as the "Prior Bonds."

There are outstanding obligations of the Issuer which are designated and have lien position with respect to the Capacity Improvement Fee of the Issuer's System as follows: Bond Anticipation Notes, Series 2007, dated February 8, 2007, issued in the original aggregate principal amount of $20,000,000 (the "Series 2007 Notes"). The Series 2007 Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the Issuer's System, the proceeds of the bonds to be subsequently issued by the Issuer to permanently finance the project financed by the Series 2007 Notes and Surplus Revenues of the System and are not secured by the Net Revenues of the System.

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of Berkeley County that its Series 2009 Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined.

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2009 Bonds.

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

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2009 Bonds, shall mean the Bond Insurer, if any, designated in the Supplemental Resolution.

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

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

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

"Bonds" means, collectively, the Series 2009 Bonds, the First Lien Bonds and the Second Lien Bonds, and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Capacity Improvement Fees" means the Capacity Improvement Fees of the District authorized by the Public Service Commission of West Virginia, as may be modified from time to time, which are not included in the Gross Revenues of the System.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2009 Bonds in substantially the form set forth in EXHIBIT A - SERIES 2009 BOND FORM, attached hereto.

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

"Closing Date" means the date upon which there is an exchange of the Series 2009 Bonds for the proceeds representing the original purchase prices thereof.

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

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

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

"Costs" or similar terms mean those costs described in Section 1.03 hereof to be a part of the costs of acquisition and construction of the Project.

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

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

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

"DTC-eligible" means, with respect to the Series 2009 Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

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

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

"Financial Guaranty Insurance Policy" means the financial guaranty insurance policy, if any, issued by a Bond Insurer simultaneously with the delivery of the Series 2009 Bonds, insuring the payment of the principal of and interest on all or any of the Series 2009 Bonds in accordance with the terms thereof.

"First Lien Bonds" means, collectively, the Series 1993 B Bonds, Series 1993 D Bonds, Series 1996 Bonds, Series 1997 Bonds, Series 2001 A Bonds, Series 2003 A Bonds, Series 2003 B Bonds, Series 2003 C Bonds, Series 2004 Bonds, Series 2006 Bonds, Series 2007 Bonds and the Series 2008 Bonds.

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

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

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

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

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

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

"Net Proceeds" means the face amount of the Series 2009 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2009 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2009 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds of the Series 2009 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2009 Bonds.

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

"Original Purchaser" means Ross, Sinclaire & Associates, LLC, Frankfort, Kentucky, as the purchaser of the Series 2009 Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2009 Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2009 Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2009 Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2009 Bonds.

"Outstanding," when used with reference to the Series 2009 Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid

principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as a Bond Insurer has been reimbursed in full

"Paying Agent," initially, the West Virginia Municipal Bond Commission and any other paying agent or other entity designated as such for the Series 2009 Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1993 B Bonds, the Series 1993 C Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, and the Series 2008 Bonds as herein defined

"Prior Notes" means the Series 2007 Notes as herein defined.

"Prior Resolutions" means the bond resolutions as supplemented, of the Issuer or the bond resolutions of Hedgesville and Opequon assumed by merger, authorizing the Prior Bonds.

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

"Purchase Price," for the purpose of computation of the Yield of the Series 2009 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2009 Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2009 Bonds of each maturity is sold or, if the Series 2009 Bonds are privately placed, the price paid by the first buyer of the Series 2009 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2009 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2009 Bonds.

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"Record Date" means the day of the month which shall be so stated in the Series 2009 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2009 Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

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

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

"Reserve Accounts" means the respective Reserve Accounts established for the Series 2009 Bonds and the Prior Bonds.

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

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

"Second Lien Bonds" means the Series 1993 C Bonds

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

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

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

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

"Series 1996 Bonds" means the Water Revenue Bonds, Series 1996 (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1996), as described above

"Series 1997 Bonds" means the Water Revenue Bonds, Series 1997 (formerly Opequon Public Service District Water Revenue Bonds, Series 1997), as described above.

"Series 2001 A Bonds" means the Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), as described above.

"Series 2003 A Bonds" means the Water Refunding Revenue Bonds, Series 2003 A (Bank-Qualified), as described above.

"Series 2003 B Bonds" means the Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified), as described above.

"Series 2003 C Bonds" means the Water Revenue Bonds, Series 2003 C, as described above.

"Series 2004 Bonds" means the Water Revenue Bonds, Series 2004, as described above.

"Series 2006 Bonds" means the Water Revenue Bonds, Series 2006, as described above.

"Series 2007 Bonds" means the Water Revenue Bonds, Series 2007, as described above.

"Series 2007 Notes" means the Bond Anticipation Notes, Series 2007, as described above.

"Series 2008 Bonds" means the Water Revenue Bonds, Series 2008, as described above.

"Series 2009 Bonds" means the Water Revenue Bonds, Series 2009 (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution

"Series 2009 Bonds Construction Fund" means the Series 2009 Bonds Construction Fund created by Section 4.02 hereof.

"Series 2009 Bonds Redemption Account" means the Series 2009 Bonds Redemption Account created by Section 4.02 hereof.

"Series 2009 Bonds Reserve Account" means the Series 2009 Bonds Reserve Account created by Section 4.02 hereof.

"Series 2009 Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2009 Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2009 Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2009 Bonds

"Series 2009 Bonds Sinking Fund" means the Series 2009 Bonds Sinking Fund created by Section 4.02 hereof

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2009 Bonds and the Prior Bonds

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following adoption of this Resolution, setting forth the final amounts, maturities, interest rates and other terms of the Series 2009 Bonds and authorizing the sale of the Series 2009 Bonds to the Original Purchaser and setting forth provisions specific to the Bond Insurer, if any; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution

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

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

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

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

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

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

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

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

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

A. The Issuer is a public corporation and public service district of the State of West Virginia in Berkeley County of said State.

B. The Issuer presently owns and operates a public waterworks treatment and distribution system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the System, consisting of a 24-inch water main from Auto Parts Road to the Cumbo Yard storage tank, a 24-inch water main from Mid-Atlantic Parkway to the Duke Street storage tank and a 12-inch water main on Goldmiller Road from Mish Road to Gerrardstown Road, and all appurtenant facilities, as well as design of future additions, betterments and improvements to the System (collectively, the "Project") (the existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2009 (Bank Qualified), in the total aggregate principal amount of not more than $10,000,000 to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor, interest, if any, upon the Series 2009 Bonds prior

to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2009 Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition and construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2009 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

D. The period of usefulness of the System after completion of the Project is not less than 30 years.

E. It is in the best interests of the Issuer that the Series 2009 Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement or bond purchase agreements to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. The Series 2009 Bonds shall be issued on a parity with one another and 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 requirements for issuance of parity bonds set forth in the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2009 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds have been met; and (ii) where necessary, the written consent of the Holders of the First Lien Bonds and the Second Lien Bonds to the issuance of the Series 2009 Bonds on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

G. The Series 2009 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth in EXHIBIT A - Series 2009 BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

H. All things necessary to make the Series 2009 Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2009 Bonds, will be timely done and duly performed.

I. The adoption of this Resolution, and the execution and issuance of the Series 2009 Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2009 Bonds by those who shall own or hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of such Bondholders of any and all of such Series 2009 Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project. There is hereby authorized and ordered the acquisition and construction of the Project at an estimated cost of not more than $10,000,000. The proceeds of the Series 2009 Bonds hereby authorized shall be applied as provided herein.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Bonds issued pursuant to this Resolution after the issuance of the Series 2009 Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Bonds shall be dated as of the date provided in a Supplemental Resolution. The Series 2009 Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2009 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2009 Bonds shall be in default, Bonds issued in exchange for Series 2009 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2009 Bonds surrendered.

The principal of and the premium, if any, on the Series 2009 Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2009 Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $500,000 or more of the Series 2009 Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2009 Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Bond in the principal amount of said Series 2009 Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2009 Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2009 Bonds shall cease to be such officer of the Issuer before the Series 2009 Bonds so signed and sealed have been actually sold and delivered, such Series 2009 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2009 Bonds had not ceased to hold such office. Any Series 2009 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Series 2009 Bonds shall hold the proper office in the Issuer, although at the date of such Series 2009 Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2009 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Series 2009 Bond, substantially in the form set forth in EXHIBIT A - Series 2009 BOND FORM attached hereto and incorporated herein by reference, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2009 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Series 2009 Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2009 Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2009 Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Series 2009 Bonds, shall be conclusively deemed to have agreed that such Series 2009 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2009 Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2009 Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2009 Bonds. Series 2009 Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2009 Bond, there shall be issued at the option of the Holder or the transferee another Series 2009 Bond of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Series 2009 Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2009 Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Series 2009 Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2009 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2009 Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2009 Bonds, the initial exchange of Series 2009 Bonds and exchanges of Series 2009 Bonds in the event of partial redemption of fully registered Series 2009 Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2009 Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2009 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Series 2009 Bond of like series, maturity and principal amount as the Series 2009 Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Series 2009 Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Series 2009 Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2009 Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Series 2009 Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Series 2009 Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2009 Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Series 2009 Bonds be at any time found by any one, and such duplicate Series 2009 Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

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

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2009 Bonds Redemption Account in accordance with Subsection 4.03A(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of

the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to the Series 2009 Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2009 Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2009 Bonds Sinking Fund, as will exhaust as nearly as practicable such Series 2009 Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2009 Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Bond Insurer, the Original Purchaser and the registered owner of the Series 2009 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2009 Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2009 Bonds shall also be sent to registered securities depositories.

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

(1) The Redemption Date,

(2) The Redemption Price;

(3) If less than all outstanding Series 2009 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2009 Bonds, as appropriate, to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Series 2009 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(5) The place where such Series 2009 Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar; and

(6) Such other information, if any, as shall be required for DTC-eligible Series 2009 Bonds.

If funds sufficient to redeem all Series 2009 Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2009 Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2009 Bonds or portions of Series 2009 Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2009 Bonds or portions of Series 2009 Bonds shall cease to bear interest. Upon surrender of

such Series 2009 Bonds for redemption in accordance with said notice, such Series 2009 Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2009 Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Series 2009 Bond. All Series 2009 Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2009 Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Series 2009 Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Series 2009 Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

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

Section 3.10. Authorization of Bonds. For the purposes of paying costs of acquisition and construction of the Project, funding the Series 2009 Bonds Reserve Account, paying capitalized interest on the Series 2009 Bonds and paying costs in connection therewith, there shall be issued the Series 2009 Bonds of the Issuer, in an aggregate principal amount of not more than $10,000,000. The Series 2009 shall be designated "Water Revenue Bonds, Series 2009 (Bank Qualified)" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2009 Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2009 Bonds shall be numbered from R-1 consecutively upward. The Series 2009 Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Series 2009 Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2009 Bonds, respectively, of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2009 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC, provided that if DTC shall request that the Series 2009 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2009 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2009 Bond, or any other evidence of ownership of the Series 2009 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2009 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2009 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Resolution, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2009 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2009 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Resolution. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2009 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2009 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2009 Bonds so redeemed, but DTC may return such Series 2009 Bonds and make an appropriate notation on the Series 2009 Bonds certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2009 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2009 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2009 Bonds, selecting the Series 2009 Bonds, or portions thereof, to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 2009 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2009 Bonds under or through

DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2009 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2009 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2009 Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E The book entry system for registration of the ownership of the Series 2009 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2009 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2009 Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 2009 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2009 Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 2009 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2009 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2009 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2009 Bonds to the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2009 Bonds by Bond Counsel; and

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

Section 3.13. Form of Bonds. The definitive Series 2009 Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2009 BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2009 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2009 Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14 Disposition of Proceeds of Bonds.

Upon the issuance and delivery of the Series 2009 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2009 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2009 Bonds Sinking Fund and applied to payment of interest on the Series 2009 Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2009 Bonds equal to the Series 2009 Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2009 Bonds Reserve Account, provided that, to the extent the Series 2009 Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2009 Bonds shall be used to purchase said reserve account letter of credit, surety bond or other credit facility and proceeds of the Series 2009 Bonds shall be deposited in the Series 2009 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2009 Bonds Reserve Requirement.

3. An amount of the proceeds of the Series 2009 Bonds which shall be sufficient to pay the costs of issuance of the Series 2009 Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2009 Bonds. All such costs of issuance shall be paid within 60 days of the Closing Date. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer to the Series 2009 Bonds Construction Fund.

4. The balance of proceeds of the Series 2009 Bonds, not used for any of the purposes set forth above, shall be deposited in the Series 2009 Bonds Construction Fund and shall be drawn out, used and applied by the Issuer solely to pay the costs of acquisition and construction of the Project and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2009 Bonds Construction Fund. Disbursements from the Series 2009 Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2009 Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of the Project, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2009 Bonds Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Section 3.16 Designation of Series 2009 Bonds as "Qualified Tax-Exempt Obligations." The Issuer hereby designates the Series 2009 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2009 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2009 Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2009, all as determined in accordance with the Code.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2009 Bonds Construction Fund;

(4) Series 2009 Bonds Costs of Issuance Fund; and

(5) Rebate Fund

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

(1) Series 2009 Bonds Sinking Fund;

(2) Within the Series 2009 Bonds Sinking Fund, the Series 2009 Bonds Redemption Account; and

(3) Series 2009 Bonds Reserve Account.

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

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the

Prior Resolutions to pay interest on the First Lien Bonds; and (ii) commencing 6 months prior to the first interest payment date on the Series 2009 Bonds, for deposit in the Series 2009 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2009 Bonds on the next ensuing semiannual interest payment date, provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2009 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2009 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2009 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2009 Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay the principal of the First Lien Bonds; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2009 Bonds, for deposit in the Series 2009 Bonds Sinking Fund, and in the Series 2009 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2009 Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2009 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to fund the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2009 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2009 Bonds Reserve Account below the Series 2009 Bonds Reserve Requirement or any withdrawal from the Series 2009 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2009 Bonds Reserve Account results in a

determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2009 Bonds Reserve Account is less than the Series 2009 Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2009 Bonds Reserve Account for deposit into the Series 2009 Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2009 Bonds Reserve Account to an amount equal to the Series 2009 Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2009 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2009 Bonds Reserve Requirement.

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

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

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

Monies in the Series 2009 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2009 Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the Series 2009 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2009 Bonds when due, when amounts in the Series 2009 Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Issuer shall not be required to make any further payments into the Series 2009 Bonds Sinking Fund or the Series 2009 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series

2009 Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2009 Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2009 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirements therefor.

The payments into the Series 2009 Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

The Issuer shall restore any withdrawals from the Series 2009 Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2009 Bonds Reserve Requirement, from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the Series 2009 Bonds, senior and prior to the principal, interest or reserve payments for the Second Lien Bonds, in accordance with the respective principal amounts then Outstanding.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2009 Bonds Sinking Fund and the Series 2009 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Bond Commission from the Revenue Fund by the Issuer at the times provided herein.

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

C. The Issuer shall remit from the Revenue Fund to the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any charges and fees then due.

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

E. If on any monthly payment date the Net Revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE V

INVESTMENTS; NON-ARBITRAGE;
REBATES OF EXCESS INVESTMENT EARNINGS

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

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

(A) Qualified Investments acquired for the Series 2009 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to annually transfer from the Series 2009 Bonds Reserve Account, pro rata, to the Series 2009 Bonds Sinking Fund, any earnings on the monies deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2009 Bonds Reserve Account an amount at least equal to the Series 2009 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2009 Bonds Reserve Account, whereupon such account shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2009 Bonds Reserve Account shall, at any time, be less than the Series 2009 Bonds Reserve Requirement, the Bond Insurer, if any, shall be notified immediately of such deficiency, such deficiency shall be made up from the first available Net Revenues in the order set forth in Section 4.03 hereof.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2009 Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2009 Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2009 Bonds in such manner and to such extent as may be necessary, so that the Series 2009 Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2009 Bonds) so that the interest on the Series 2009 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2009 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2009 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect,

with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2009 Bonds from gross income for federal income tax purposes.

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

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2009 Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 2009 Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2009 Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2009 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution but shall be payable solely from the Net Revenues of the System, the monies in the Series 2009 Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2009 Bonds or monies in the Series 2009 Bonds Construction Fund, all as herein provided. No Holder or Holders of the Series 2009 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 Bonds, or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Series 2009 Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the interest on and principal of the Prior Bonds and the Series 2009 Bonds herein authorized, and to make the payments into the Series 2009 Bonds Sinking Fund, the Series 2009 Bonds Reserve Account, and all other payments provided for in this Resolution and the Prior Resolutions, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the interest on and principal of the Series 2009 Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Œquitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any fiscal year for payment of principal of and interest on the Series 2009 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2009 Bonds, including the First Lien Bonds and the Second Lien Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the current rate order.

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

Section 6.05. Completion of Project; Operation and Maintenance. The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in this Resolution.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2009 Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2009 Bonds, immediately be remitted to the Bond Commission for deposit in the Series 2009 Bonds Sinking Fund and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest on the Series 2009 Bonds. Any balance remaining after the payment of the Series 2009 Bonds and interest thereon shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $500,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $500,000 but not in excess of $1,000,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $500,000 and not in excess of $1,000,000, shall with the written consent of the Authority, be remitted by the Issuer to the Bond Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise into the Renewal and Replacement Fund. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $1,000,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2009 Bonds, except as provided in Section 6.08 herein. All obligations issued by the issuer after the issuance of the Series 2009 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2009 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2009 Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2009 Bonds and the interest thereon, if any, in this Resolution, or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2009 Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions)

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2009 Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by an Independent Certified Public Accountant reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 120% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2009 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2009 Bonds.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2009 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

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

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

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

Section 6.10. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.11. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, has been fully paid.

Section 6.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2009 Bond shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other

bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

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

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

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

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

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

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser, the Bond Insurer, if any, and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Connections. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2009 Bonds, pro rata, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds, and senior and prior to the lien in favor of the Holders of the Second Lien Bonds.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2009 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2009 Bonds during the term thereof is, under the terms of the Series 2009 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2009 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2009 Bonds during the term thereof is, under the terms of the Series 2009 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2009 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2009 Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2009 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2009 Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2009 Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2009 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18 Financial Guaranty Insurance Policy. The Issuer may apply for a Financial Guaranty Insurance Policy for the Series 2009 Bonds. In the event a Financial Guaranty Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2009 Bonds. These additional covenants and provisions shall be set forth in a Supplemental Resolution, shall apply to the Series 2009 Bonds, and shall be controlling in the event any other provisions of this Resolution may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2009 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2009 Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Series 2009 Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Bond Insurer;

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

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

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

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

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

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

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

(C) Bring suit upon the Series 2009 Bonds;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Bondholders; and

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

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2009 Bonds shall be on a parity with one another and also on parity with those of the Holders of the First Lien Bonds, and senior and prior to those of the Holders of the Second Lien Bonds.

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Resolution and the Act.

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

Whenever all that is due upon the Series 2009 Bonds issued pursuant to this Resolution and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2009 Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

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

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

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2009 Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02 Responsibilities of Registrar. The recitals of fact in the Series 2009 Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2009 Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2009 Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

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

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2009 Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2009 Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2009 Bonds Outstanding.

Section 8.06 Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Series 2009 Bonds are

fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07 Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Series 2009 Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08 Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2009 Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Series 2009 Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

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

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

however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11 Adoption of Authentication. In case any of the Series 2009 Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2009 Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

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

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 2009 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2009 Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2009 Bonds from gross income for federal income tax purposes.

The Series 2009 Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2009 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2009 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2009 Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2009 Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2009 Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2009 Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. Prior to issuance of the Series 2009 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of the Resolution, shall be controlling. Following issuance of the Series 2009 Bonds, this Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. In the event any of the Series 2009 Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2009 Bonds or the rights of any Bond Insurer for such Series 2009 Bonds may be effected without the written consent of such Bond Insurer. No materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2009 Bonds then Outstanding and affected thereby and such Bond Insurer, which must be filed with the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2009 Bonds without the express written consent of the Holder of each Series 2009 Bond so affected, nor reduce the percentage of Series 2009 Bonds required for consent to any such modification or amendment.

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

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

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such

instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

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

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

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

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

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

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States

mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

Berkeley County Public Service District
Post Office Box 737
Martinsburg, West Virginia 25402-0737
Attention: Chairman

REGISTRAR AND PAYING AGENT

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

DEPOSITORY BANK

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

ORIGINAL PURCHASER

Ross, Sinclaire & Associates, LLC
400 Democrat Drive
Frankfort, Kentucky 40601
Attention: Senior Vice President

BOND INSURER

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

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

Section 10.07. No Personal Liability. No member of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Resolution.

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

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2009 Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2009 Bonds and the Original Purchaser.

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

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

Section 10.12. Conflicting Provisions Repealed. All orders, resolutions or parts thereof in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the resolutions authorizing the Prior Bonds, the resolutions authorizing the Prior Bonds shall control, unless less restrictive, so long as the Prior Bonds are Outstanding.

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

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

Adopted this 12th day of January, 2009

_____
Chairman

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CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Berkeley County Public Service District on the 12th day of January, 2009.

Dated this ___ day of February, 2009.

[SEAL]

_____
Secretary

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067780.00011

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EXHIBIT A - SERIES 2009 BONDS FORM

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

No. R-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $10,000,000 designated "Berkeley County Public Service District Water Revenue Bonds, Series 2009 (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2009, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the System; (ii) to fund a Reserve Account for the Series 2009 Bonds (as hereinafter defined); and (iii) to pay certain costs of issuance of the Series 2009 Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on January 12, 2009, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on January 12, 2009 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer

CH932403 1

THIS BOND IS ISSUED ON A PARITY WITH OR SENIOR TO WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING WATER REVENUE BONDS OF THE ISSUER WHICH HAVE THE LIEN POSITION SO DESIGNATED.

DESIGNATION	LIEN POSITION
(1) WATER REVENUE BONDS, SERIES 1993 B (FORMERLY HEDGESVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1993 A) (THE "SERIES 1993 B BONDS"), DATED MARCH 8, 1993, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $528,871;	FIRST LIEN
(2) WATER REVENUE BONDS, SERIES 1993 C (FORMERLY HEDGESVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1993 B) (THE "SERIES 1993 C BONDS"), DATED MARCH 8, 1993, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $17,629;	SECOND LIEN
(3) WATER REVENUE BONDS, SERIES 1993 D (FORMERLY OPEQUON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1993) (THE "SERIES 1993 D BONDS"), DATED JULY 29, 1993, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,257,957;	FIRST LIEN
(4) WATER REVENUE BONDS, SERIES 1996 (FORMERLY HEDGESVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996) (THE "SERIES 1996 BONDS"), DATED AUGUST 6, 1996, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $677,158;	FIRST LIEN

(5) WATER REVENUE BONDS, SERIES 1997 (FORMERLY OPEQUON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1997) (THE "SERIES 1997 BONDS"), DATED JUNE 25, 1997, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $3,339,090;	FIRST LIEN
(6) WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 2001 A BONDS"), DATED OCTOBER 25, 2001, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,010,000;	FIRST LIEN
(7) WATER REFUNDING REVENUE BONDS, SERIES 2003 A (BANK QUALIFIED) (THE "SERIES 2003 A BONDS"), DATED APRIL 1, 2003, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,330,000;	FIRST LIEN
(8) WATER REFUNDING REVENUE BONDS, SERIES 2003 B (NON-BANK QUALIFIED) (THE "SERIES 2003 B BONDS"), DATED APRIL 1, 2003, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,030,000;	FIRST LIEN
(9) WATER REVENUE BONDS, SERIES 2003 C (THE "SERIES 2003 C BONDS"), DATED MAY 15, 2003, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,430,000;	FIRST LIEN
(10) WATER REVENUE BONDS, SERIES 2004 (THE "SERIES 2004 BONDS"), DATED DECEMBER 30, 2004, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,000,000.	FIRST LIEN

(11) WATER REVENUE BONDS, SERIES 2006 (THE "SERIES 2006 BONDS"), DATED DECEMBER 28, 2006, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,000,000;	FIRST LIEN
(12) WATER REVENUE BONDS, SERIES 2007 (NON-BANK QUALIFIED) (THE "SERIES 2007 BONDS") DATED DECEMBER 21, 2007, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,300,000; AND	FIRST LIEN
(13) WATER REVENUE BONDS, SERIES 2008 (BANK QUALIFIED) (THE "SERIES 2008 BONDS") DATED JANUARY 24, 2008, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $9,500,000.	FIRST LIEN

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds and the Series 2008 Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds.

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

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

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

Bonds Maturing _____

Year ( )	Principal Amount

Bonds Maturing _____

Year ( )	Principal Amount

Bonds Maturing _____

Year ( )	Principal Amount

Bonds Maturing _____

Year ( )	Principal Amount

Bonds Maturing _____

Year ( )	Principal Amount

* Final Maturity

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

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds, and senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Resolution for the Bonds (the "Series 2009 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2009 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any fiscal year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay costs of acquisition and construction of certain additions, betterments and improvements to the System, fund a reserve account for the Series 2009 Bonds and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

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

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

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

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CH932403 1
CH932403 1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Dated: _____, 2009.

_____,
as Registrar

By: _____
Its Authorized Officer

(Form Of)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

STATEMENT OF INSURANCE

01.11.09
067760.00011

Appendix F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

NEW ISSUE - FULL BOOK ENTRY

RATING:
Moody's "Aa3"(with developing outlook) / "Baa1"

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2009 Bonds (including original issue discount properly allocable to owners of the Series 2009 Bonds) (i) is excludable from gross income of the owners thereof for federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (iii) under the laws of the State of West Virginia, the Series 2009 Bonds are exempt from taxation by the State of West Virginia, and the other taxing bodies of the State of West Virginia and the interest on the Series 2009 Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. In addition, Bond Counsel is of the opinion that the Series 2009 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (see "Tax Matters" herein).

$7,510,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED)

Dated: Date of Delivery **Due: As shown on inside front cover**

The Series 2009 Bonds (the "Series 2009 Bonds") shall be issued only as fully registered Bonds, and when initially issued, will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only and beneficial owners of the Series 2009 Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2009 Bonds, payments of the principal of and interest on the Series 2009 Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants (see "THE SERIES 2009 BONDS – Book-Entry Bonds" herein). The Series 2009 Bonds are subject to redemption prior to maturity as more fully stated herein.

The Series 2009 Bonds are being issued by Berkeley County Public Service District (the "District") to provide funds, together with other moneys available thereof, (i) to finance the costs of design, acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer; (ii) to capitalize a portion of the interest on the Series 2009 Bonds through June 1, 2009; (iii) to fund the Series 2009 Bonds Reserve Account; and (iv) to pay costs of issuance and related costs.

The Series 2009 Bonds are payable from and secured by the Net Revenues derived from the existing waterworks system of the District and any additions, betterments and improvements thereto and from funds on deposit in the Series 2009 Bonds Sinking Fund and the Series 2009 Bonds Reserve Account established therefor. The Series 2009 Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2009 Bonds, or any premium or the interest thereon, except from such net revenues and such funds on deposit for the Series 2009 Bonds. Neither the credit nor the taxing power, if any, of the District shall be deemed to be pledged to, nor shall a tax ever be levied for, the payment of the principal of, or the premium, if any, or interest on, the Series 2009 Bonds. The District has no taxing powers.

The scheduled payment of principal of and interest on the Series 2009 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2009 Bonds by FINANCIAL SECURITY ASSURANCE INC.

FSA

United Bank, Inc., Charleston, West Virginia, is the Registrar and the West Virginia Municipal Bond Commission, Charleston, West Virginia, is the Paying Agent. Interest on the Series 2009 Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2009. Principal of the Series 2009 Bonds is payable annually as set forth on the inside cover page.

The District has designated the Series 2009 Bonds as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code.

The Series 2009 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the District by Hoy Shingleton, Esquire, Martinsburg, West Virginia, counsel to the District. Certain legal matters will be passed upon for the Underwriter by Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, as counsel to the Underwriter.

It is expected that the Series 2009 Bonds will be available for delivery at DTC, New York, New York, on or about February 17, 2009.

Dated: February 4, 2009

R | S | A

Ross, Sinclaire & Associates, LLC

$7,510,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS,
SERIES 2009 (BANK QUALIFIED)

MATURITY SCHEDULE

SERIES 2009 BOND TERMS

Maturity Date	Principal Amount	Interest Rate	Price or Yield	CUSIP No.**
December 1, 2010	$280,000	2.000%	2.00%	084246 FM4
December 1, 2011	$290,000	2.200%	2.20%	084246 FN2
December 1, 2012	$295,000	2.400%	2.40%	084246 FP7
December 1, 2013	$250,000	2.600%	2.60%	084246 FQ5
December 1, 2014	$255,000	2.800%	2.80%	084246 FR3
December 1, 2015	$265,000	2.800%	2.90%	084246 FS1
December 1, 2016	$270,000	3.000%	3.10%	084246 FT9
December 1, 2017	$660,000	3.000%	3.15%	084246 FU6
December 1, 2018	$680,000	3.200%	3.30%	084246 FV4
December 1, 2026	$865,000	4.375%	4.45%	084246 FZ5
December 1, 2027	$900,000	4.400%	4.50%	084246 GA9
December 1, 2028	$940,000	4.400%	4.55%	084246 GB7

$610,000 4.000% Term Bonds due December 1, 2021 at 4.100% CUSIP No. 084246 FW2
$455,000 4.125% Term Bonds due December 1, 2023 at 4.250% CUSIP No. 084246 FX0
$495,000 4.250% Term Bonds due December 1, 2025 at 4.400% CUSIP No. 084246 FY8

** CUSIP data on this cover page is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are being provided solely for the convenience of the Owners of the Bonds only at the time of issuance of the Notes and neither the Underwriter nor the Issuer make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds.

Other than with respect to information concerning Financial Security Assurance Inc. ("Financial Security") contained under the caption "Bond Insurance" and Appendix F "Specimen Municipal Bond Insurance Policy" herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2009 Bonds; or (iii) the tax exempt status of the interest on the Series 2009 Bonds.

THE SERIES 2009 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITES AND EXCHANGE COMMISSION (THE "SEC") UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE "SECURITIES ACT") IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(A)(2) OF THE SECURITIES ACT. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN.

The information set forth herein has been obtained from the Issuer, public documents, records and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Issuer.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2009 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District, since the date hereof.

Statements contained in this Official Statement that involve estimates, forecasts, or matters of opinion, whether or not expressly described herein, are intended solely as such and are not be construed as representations of facts. This Official Statement is submitted in connection with the sale of the securities referred to herein, and may not be reproduced or used, in whole or in part, for any other purposes.

Forward Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD LOOKING STATEMENTS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2009 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SEC OR ANY STATE SECURITES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSIONS OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING SECURITIES COMMISSIONS OR REGULATORY AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

PUBLIC SERVICE BOARD

Gregory Rhoe, Chairman
Calvin Bruce Dorsey, Vice Chairman
Ruby Kern, Secretary
Howard Collins, Treasurer
D. Wayne Dunham, Parliamentarian

ADMINISTRATION

Paul S. Fisher, Executive Director

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

COUNSEL TO THE DISTRICT

Hoy Shingleton, Jr., Esquire
Martinsburg, West Virginia

UNDERWRITER

Ross, Sinclaire & Associates, LLC
Frankfort, Kentucky

UNDERWRITER'S COUNSEL

Parker Poe Adams & Bernstein LLP
Columbia, South Carolina

OFFICIAL STATEMENT
relating to

$7,510,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS,
SERIES 2009 (BANK QUALIFIED)

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning Berkeley County Public Service District (the "District"), the District's waterworks system hereinafter described and defined and the District's Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Series 2009 Bonds"). The Series 2009 Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a bond resolution and supplemental resolution adopted by the Board of the District on January 12, 2009 (collectively, the "Resolution").

The Series 2009 Bonds are being issued to (i) to finance the costs of design, acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer; (ii) to capitalize a portion of the interest on the Series 2009 Bonds through June 1, 2009; (iii) to fund the Series 2009 Bonds Reserve Account; and (iv) to pay costs of issuance of the Series 2009 Bonds and related costs.

The District currently has outstanding (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 (the "Series 1993 C Bonds"); (iii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iv) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (v) Water Revenue Bonds, Series 1997, dated June 25, 1997, issued in the original aggregate principal amount of $3,339,090 (the "Series 1997 Bonds"); (vi) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), dated October 25, 2001, issued in the original aggregate principal amount of $2,010,000 (the "Series 2001 A Bonds"); (vii) Water Refunding Revenue Bonds, Series 2003 A, dated April 1, 2003, issued in the original aggregate principal amount of $1,330,000 (the "Series 2003 A Bonds"); (viii) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (ix) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (x) Water Revenue Bonds, Series 2004, dated December 30, 2004, issued in the original aggregate principal amount of $10,000,000 (the "Series 2004 Bonds"); (xi) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (xii) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); and (xiii) Water Revenue Bonds, Series 2008, dated January 4, 2008, issued in the original aggregate principal amount of $9,500,000 (the "Series 2008 Bonds"); (collectively, hereinafter called the "Prior Bonds"). The resolutions pursuant to which the Prior Bonds were issued are hereinafter collectively called the "Prior Resolutions."

The Series 2009 Bonds are payable from and secured by the Net Revenues (as defined in the Resolution) derived from the System on a parity with or senior to the Prior Bonds and from funds on deposit in the Series 2009 Bonds Sinking Fund and the Series 2009 Bonds Reserve Account.

There are outstanding obligations of the Issuer which are designated and have lien positions with respect to the Capacity Improvement Fees of the Issuer's System as follows: Bond Anticipation Notes, Series 2007, dated February 8, 2007, issued in the original aggregate principal amount of $20,000,000 with an outstanding principal balance of $15,000,000 (the "Series 2007 Notes" or the "Prior Notes"). The Prior Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the Issuer's System, the proceeds of the bonds to be subsequently issued by the Issuer to permanently finance the improvements paid for with the proceeds of the Prior Notes and Surplus Revenues of the System and are not payable by the Net Revenues of the System. **The Capacity Improvement Fees ARE NOT considered a part of the Net Revenues of the System.**

The Series 2009 Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2009 Bonds, or any premium (if any), or the interest thereon, except from such Net Revenues and such funds on deposit for the Series 2009 Bonds. Pursuant to the Resolution, the District has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will always produce Net Revenues equal to at least 120% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2009 BONDS - Rate Covenant."

The District may issue additional bonds on a parity with the Series 2009 Bonds and the Prior Bonds for the purpose of (i) financing the costs of acquisition or construction of additions, betterments and improvements to the System, or (ii) the refunding of any outstanding Bonds, or (iii) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Resolution or the Prior Resolutions (the Series 2009 Bonds, the Prior Bonds and any such additional parity bonds are sometimes hereinafter referred to as the "Bonds"). See "SECURITY FOR THE SERIES 2009 BONDS - Additional Parity Bonds." Payment of the principal of and interest on the Series 2009 Bonds when due will be insured by a municipal bond insurance policy to be issued by Financial Security Assurance, Inc. simultaneously with the delivery of the Series 2009 Bonds. See "BOND INSURANCE" herein.

Brief descriptions of the Series 2009 Bonds, the Resolution, the System, the District, continuing disclosure and certain provisions of the Act, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Resolution, the Supplemental Resolution, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2009 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the respective meanings given them in the Resolution.

SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount of Series 2009 Bonds	$7,510,000.00
Less Original Issue Discount	(75,490.50)
TOTAL	$7,434,509.50
Uses of Funds	
Deposit to Project Fund	$6,359,670.89
Deposit to Capitalized Interest Fund	78,806.00
Deposit to Debt Service Reserve Fund	712,080.93
Deposit to Costs of Issuance Fund*	283,951.68
TOTAL	$7,434,509.50

* Includes Underwriter's Discount, and Professional Fees Associated with the Issuance of the Series 2009 Bonds.

THE SERIES 2009 BONDS

General

Interest on the Series 2009 Bonds will accrue from the date of delivery and will be payable June 1, 2009 and semi-annually thereafter (each June 1 and December 1) in each year to maturity. Such interest will be paid by check to the registered owner on each such interest payment date at his address as shown on the registration books kept for that purpose by the Paying Agent as of the 15th day of the month preceding each such interest payment date. In the case of an owner of $500,000 or more of the Bonds, interest may be paid to such owner by wire transfer to a domestic bank account specified in writing to the Paying Agent at least five days prior to an interest payment date.

Book-Entry Bonds

The Series 2009 Bonds will be available to individual purchasers in book-entry form only. Purchasers of the Series 2009 Bonds will not receive certificates representing their interests in the Series 2009 Bonds purchased.

The Depository Trust Company ("DTC"), New York, New York will act as securities depository ("Securities Depository") for the Series 2009 Bonds. The Series 2009 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Series 2009 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited purpose trust company organized under New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (the "Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need of physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange LLC, the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of the Series 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009 Bonds in DTC's records. The ownership interest of each actual purchaser of each Series 2009 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2009 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2009 Bonds, except in the event that use of the book-entry system for the Series 2009 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2009 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

All redemption notices shall be sent to Cede & Co. If less than all of the Series 2009 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2009 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2009 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co., (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2009 Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

For every transfer and exchange of the Series 2009 Bonds, the Registrar may charge DTC, and DTC may charge the Participants and the Participants may charge the Beneficial Owners, sums sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

In the event the District determines that it is in the best interest of the Beneficial Owners that they may be able to obtain Series 2009 Bond certificates, the District may notify DTC and the Registrar, whereupon DTC will notify the Participants, of the availability through DTC of Series 2009 Bond certificates. In such event, the Registrar shall cause to be issued, transferred and exchanged Series 2009 Bond certificates as requested by DTC as Bondholder in appropriate amounts. DTC may determine to discontinue providing its service with respect to the Series 2009 Bonds at any time by giving notice to the District and the Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor Securities Depository), the District and the Registrar shall be obligated to deliver Series 2009 Bond certificates as described in the Resolution. In the event the Series 2009 Bond certificates are issued, the provisions of the Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal or redemption price of and interest on such Series 2009 Bond certificates. Whenever DTC requests the District and the Registrar to do so, the Registrar and the District will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the

Series 2009 Bonds to any Participant having the Series 2009 Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2009 Bonds.

Optional Redemption

The Series 2009 Bonds maturing on or after December 1, 2017, are subject to redemption on or after December 1, 2016, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period	Redemption Price
December 1, 2016 and thereafter	100%

In the event of such optional redemption, the Board may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

Notice of any redemption of Bonds shall be given by the Registrar, on behalf of the District, to registered owners of the Bonds to be redeemed at least thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, by registered or certified mail, at the address appearing in the Bond Register or at such other address as is furnished in writing by the registered owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. Notice of redemption having been given in the manner described herein, and moneys necessary for their redemption of the Bonds having been deposited, the Bonds specified in such notice shall, on the date fixed for redemption, become due and payable and from and after such date (unless the District shall default in the payment of the redemption price), such Bonds shall cease to bear interest.

Mandatory Sinking Fund Redemption

The Series 2009 Bonds maturing on December 1, 2021, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2009 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on December 1, 2019, and on each December 1 thereafter to and including December 1, 2021, in annual principal amounts as follows:

Year	Amount
2019	$195,000
2020	$205,000
2021*	$210,000

The Series 2009 Bonds maturing on December 1, 2023, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2009 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on December 1, 2022, and on each December 1 thereafter to and including December 1, 2023, in annual principal amounts as follows:

Year	Amount
2022	$220,000
2023*	$235,000

The Series 2009 Bonds maturing on December 1, 2025, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2009 Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on December 1, 2024, and on each December 1 thereafter to and including December 1, 2025, in annual principal amounts as follows:

Year	Amount
2024	$240,000
2025*	$255,000

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

* Final Maturity

SECURITY FOR THE SERIES 2009 BONDS

The Series 2009 Bonds are special obligations of the District and are payable as to principal, premium, if any, and interest solely from the sources described below. The District is under no obligation to pay the Series 2009 Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2009 Bonds shall be secured equally and ratably 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 owners of the Prior Bonds (except the Series 1993 C Bonds), and senior and prior to the lien on such Net Revenues in favor of the owners of the Series 1993 C Bonds. Such Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2009 Bonds and the Prior Bonds and to make all other payments provided for in the Resolution, are irrevocably pledged to such payments as they become due.

Rate Covenant

The District covenants and agrees in the Resolution that the schedule of rates and charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any year for payment of principal of and interest on the Series 2009 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 Bonds, including the Prior Bonds.

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

Reserve Account

Pursuant to the Resolution, there will be established with the Commission the Series 2009 Bonds Reserve Account in an amount equal to the Series 2009 Bonds Reserve Requirement. The "Series 2009 Bonds Reserve Requirement" is defined under the Resolution as the lesser of (i) 10% of the original stated principal amount of the Series 2009 Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2009 Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2009 Bonds. Moneys in the Series 2009 Bonds Reserve Account shall be used only to pay principal of and interest on the Series 2009 Bonds as due, when amounts in the Series 2009 Bonds Sinking Fund are insufficient therefor; provided, that no payments shall be required to be made into the Series 2009 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2009 Bonds Reserve Requirement. The District is required to restore any withdrawals from the Series 2009 Bonds Reserve Account which have the effect of reducing the assets therein below the reserve requirement, first from the Net Revenues and then from the Renewal and Replacement Fund after all other required payments to the Sinking Funds for the Series 2009 Bonds and the Prior Bonds, including any deficiencies for prior payments, have been made in full.

Renewal and Replacement Fund

The District is required to transfer from the Revenue Fund to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. Withdrawals and disbursements from the Renewal and Replacement Fund may be made for: (a) paying costs of replacements, repairs, improvements or extensions to the System or (b) making up any deficiency in any Reserve Account.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with a state banking corporation or national banking association selected by the District (the "Depository Bank"), for disposition in the following order of priority: (1) first, to pay the current monthly Operating Expenses of the System; (2) next, remit to the Commission (i) the amounts required by the Prior Resolutions for deposit to the Sinking Funds of the Prior Bonds for payment of interest, if any, on and principal of the Prior Bonds, (ii) for monthly deposit in the Series 2009 Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2009 Bonds on the next ensuing semiannual interest payment date, and (iii) for monthly deposit in the Series 2009 Bonds Sinking Fund, a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2009 Bonds on the next ensuing principal payment date or mandatory redemption date (provided, that until the first interest payment date, the District shall make equal monthly payments into the Sinking Fund in an amount which shall be reduced by any earnings credited to the Sinking Fund, if any, will be sufficient to pay principal and interest due on the first principal and interest date); (3) next, remit to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts of the Prior Bonds, and then for restoration of any deficiency in the funding of the Series 2009 Bonds Reserve Account; and (4) next, for monthly transfer to the Renewal and Replacement Fund, a sum equal to 2 ½% of Gross Revenues each month, exclusive of any payments for account of any Reserve Account. As described under "Sources of Payment" above, the Series 2009 Bonds and the Prior Bonds (except the Series 1993 C Bonds, which have a junior lien) are secured by a first parity lien on the Net Revenues of the System.

Enforcement of Collections

The District covenants in the Resolution to diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the PSC and other laws of the State. Under the Act, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

The District further covenants and agrees that it will, to the full extent permitted by law and regulations promulgated by the PSC, discontinue and shut off the services and facilities of the System to all delinquent users of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, has been fully paid. (See "THE SYSTEM - Customer Statistics.")

Additional Parity Bonds

The Resolution provides for the issuance of additional bonds on a parity with the Series 2009 Bonds (limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable) with respect to the Prior Bonds lien on the Net Revenues of the System and their source of and security for payment from said Net Revenues (the "Parity Bonds") for the following purposes and under the following conditions:

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within

the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 120% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

A. The Bonds then Outstanding;

B. Any Parity Bonds theretofore issued pursuant to the provisions contained in the Resolution then Outstanding; and

C. The Parity Bonds then proposed to be issued.

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in the Resolution, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

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

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2009 Bonds, Financial Security Assurance Inc. ("Financial Security") will issue its Municipal Bond Insurance Policy for the Series 2009 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2009 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Financial Security Assurance Inc.

Financial Security is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Dexia, S.A. ("Dexia"), a publicly held Belgian corporation, and of Dexia Credit Local S.A., a direct wholly-owned subsidiary of Dexia. Dexia, through its bank subsidiaries, is primarily engaged in the business of public finance, banking and asset management in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

For a description of recent events relating to a potential change in ownership of Holdings, please refer to the caption below entitled "Recent Events Regarding Financial Security's Ratings and Ownership of Holdings".

At September 30, 2008, Financial Security's consolidated policyholders' surplus and contingency reserves were approximately $2,635,095,361 and its total net unearned premium reserve was approximately $2,657,570,765 in accordance with statutory accounting principles. At September 30, 2008, Financial Security's consolidated shareholder's equity was approximately $2,715,608,321 and its total net unearned premium reserve was approximately $2,117,731,661 in accordance with generally accepted accounting principles.

Portions of the following documents filed by Holdings with the Securities and Exchange Commission ("SEC") that relate to Financial Security are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) Annual Report of Holdings on Form 10-K for the year ended December 31, 2007,
(ii) Quarterly Report of Holdings on Form 10-Q for the quarter ended March 31, 2008,
(iii) Quarterly Report of Holdings on Form 10-Q for the quarter ended June 30, 2008,
(iv) Current Report of Holdings on Form 8-K filed on November 14, 2008, and
(v) Quarterly Report of Holdings on Form 10-Q for the quarter ended September 30, 2008.

All information relating to Financial Security included in, or as exhibits to, documents filed by Holdings pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the filing of the last document referred to above and before the termination of the offering of the Series 2009 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov or at Holding's website at http://www.fsa.com or will be provided upon request to Financial Security Assurance Inc.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding Financial Security included herein under the captions "BOND INSURANCE – Financial Security Assurance Inc." and " – Recent Events Regarding Financial Security's Ratings and Ownership of Holdings" or included in a document incorporated by reference herein (collectively, the "Financial Security Information") shall be modified or superseded to the extent that any subsequently included Financial Security Information (either directly or through incorporation by reference) modifies or supersedes such previously included Financial Security Information. Any Financial Security Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

The Policy does not protect investors against changes in market value of the Series 2009 Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Series 2009 Bonds or the advisability of investing in the Series 2009 Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the Issuer the information presented under this caption for inclusion in the Official Statement.

Recent Events Regarding Financial Security's Ratings and Ownership of Holdings

On November 14, 2008, Holdings announced that, subject to relevant regulatory and other approvals, its parent Dexia and Assured Guaranty Ltd. ("Assured Guaranty") have entered into an agreement for Assured Guaranty to acquire all of Dexia's shares of Holdings.

On November 21, 2008, Moody's Investors Service, Inc. downgraded to "Aa3" (with developing outlook) from "Aaa" the insurance financial strength rating of Financial Security.

On October 8, 2008, Standard & Poor's Ratings Services placed Financial Security's "AAA" financial strength rating on Credit Watch with negative implications.

On October 9, 2008, Fitch Ratings placed Financial Security's "AAA" insurer financial strength rating on Rating Watch Negative.

These ratings reflect only the views of the respective rating agencies, are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time by those rating agencies. See "Rating."

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THE SYSTEM

History and Development

Berkeley County Public Service District (the "District") was created by The County Commission of Berkeley County (the "County Commission") in 1954 to provide water service to designated unincorporated areas of Berkeley County. In 2000, the County Commission merged Hedgesville Public Service District and Opequon Public Service District into the District. The merger expanded the District's service area to include the entire County, except several small local private systems. Such merger was approved by the Public Service Commission of West Virginia in 2001. The District conducts business under the name "Berkeley County Public Service Water District."

The District currently has a capacity to pump 7,216,646 gallons of water per day. The average daily usage from all sources as of June 30, 2008 is 5,148,260 gallons per day, leaving 2,068,386 gallons of unused capacity. The District uses two water treatment processes: diatomaceous earth filtration (Bunker Hill Plant) and up flow clarification with filtration (Hedgesville and Potomac River Plants).

The District's water supply is provided by the Potomac River, LeFever and Ben Speck Springs. Baker Lakes Well, Baker Heights Well, Springdale Farm Wells and Glenwood Forest Wells. The Potomac River, pursuant to a permit from the State of Maryland, yields on average 2,720,273 gallons daily with a maximum of 4,000,000 gallons per day. The various springs and wells have a combined maximum daily production level of 3,216,646 gallons, bringing the maximum gallons available daily to 7,216,646 as depicted below.

Water Source	Maximum Gallons Yielded Daily	Percentage
Potomac River	4,000,000	55.43%
LeFever Spring	1,700,000	23.56%
Baker Heights Well	137,000	1.90%
Glenwood Forest Well #1	10,975	0.15%
Glenwood Forest Well #2	25,671	0.36%
Glenwood Forest Well #5	40,000	0.55%
Glenwood Forest Well #6	25,000	0.35%
Springdale Farm Well #1	720,000	9.98%
Springdale Farm Well #2	288,000	3.99%
Ben Speck Spring	200,000	2.77%
Baker Lakes Well	70,000	0.97%
Total Gallons Available:	7,216,646	100.00%

As of June 30, 2008 the District had 19,117 customers, of which 18,018 are residential (94.25%), 904 are commercial (4.73%), 23 are industrial (0.12%), 41 are public authorities (0.21%) and 131 are fire protection customers (0.69%). A more detailed description of the District's customer base is set forth in "THE SYSTEM--Customer Statistics."

The District received the EPA Region 3 source water protection award in 2002. The award was received for the District's initiatives to protect the drinking water sources of the residents of Berkeley County. The District, in conjunction with other area entities, coordinated a county-wide source water protection program, to ensure an adequate supply of safe drinking water for its residents for years to come.

In September of 2007, the District was named "Water System of the Year" by the West Virginia Rural Water Association. The award was made by the Association in recognition of the Districts success over the last several years addressing the significant growth in Berkeley County, in the face of drought conditions.

Public Service Board

The District is governed by a five-member Public Service Board. The members are appointed by the County Commission for staggered six year terms. Annually at the first calendar year meeting, the Board must elect officers including a Chairman, a Secretary and a Treasurer. The Secretary and Treasurer need not be members of the Board. The Board members, officers, terms and occupations are listed below:

Board	Term	Occupation
Ruby Kern, Secretary	01/01/07 - 06/30/11	Retired
Calvin Bruce Dorsey, Vice Chairman	07/01/03 - 06/30/09	Retired
Gregory Rhoe, Chairman	07/01/07 - 06/30/13	Corporate Controller
Howard Collins, Treasurer	07/01/05 - 06/30/11	Retired
D. Wayne Dunham, Parliamentarian	07/01/03 - 06/30/09	Retired

The Board employs an Executive Director for the System and other personnel and consultants. Paul S. Fisher has served as Executive Director for 7 years. Mr. Fisher is responsible for the operation, maintenance and administration of the District, and holds a Bachelor of Science in Mineral Economics from Pennsylvania State University. In addition to the Executive Director, the Board has 55 full-time employees and 1 part-time employee.

Hoy Shingleton, Esquire, Martinsburg, West Virginia, provides legal services and CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia, provides accounting services for the District. Engineering services are obtained by the District as needed for project development and construction.

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Summary of Capital Improvement Plan

The proceeds of the Series 2009 Bonds will be used by the District to finance a portion of the cost of the Project. The plan calls for approximately $8,362,900 in estimated construction costs for various projects. A more detailed description is listed in the table below:

Project Description	Estimated Amount
Projects Financed with Series 2009 Bonds	
Auto Parts Road to Cumbo Yard tank 24" Water Main	$2,300,000
Mid Atlantic Pkwy to Duke Street tank 24" Water Main	$4,200,000
Goldmiller Road 12" Water Main	$639,000
Legal, Administrative, Financial & Engineering	$830,000
Easements & Permits	$104,000
Contingency	$289,900
Total Estimated Construction Cost:	$8,362,900

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Customer Statistics

The table and chart below depict the customer base of the District for the last 5 fiscal years.

Customer Description	----June 30, 2004---- Customer Count	Change (%)	----June 30, 2005---- Customer Count	Change (%)	----June 30, 2006---- Customer Count	Change (%)	----June 30, 2007---- Customer Count	Change (%)	----June 30, 2008---- Customer Count	Change (%)
Residential	14,040	----	15,234	8.50%	16,642	9.24%	17,409	4.61%	18,018	3.50%
Commercial	800	----	834	4.25%	864	3.60%	860	-0.46%	904	5.12%
Industrial	31	----	28	-9.68%	29	3.57%	29	0.00%	23	-20.69%
Public Authorities	44	----	44	0.00%	45	2.27%	45	0.00%	41	-8.89%
Fire Protection	105	----	112	6.67%	114	1.79%	121	6.10%	131	8.26%
Totals:	15,020	----	16,252	8.20%	17,694	8.87%	18,464	4.35%	19,117	3.54%

Source: Berkeley County Public Service District; Public Service Commission Report FY 06/30/08

The following table sets forth the ten (10) largest customers of the District and the percentage of total consumption as of June 30, 2008:

Customer Name	Gallons	Percentage
Quad Graphics, Inc	87,917,100	5.96%
Guardian Fiberglass	39,683,200	2.69%
IRS Facility	29,493,600	2.00%
Ecolab	19,255,800	1.30%
WV Regional Jail	19,081,200	1.29%
Knouse Foods	15,538,800	1.05%
Fasloc	14,907,000	1.01%
WV Air National Guard	12,953,000	0.88%
Shenandoah Village	7,178,000	0.49%
Quebecor Printing	6,880,000	0.47%
Totals:	252,887,700	17.14%

Source: Berkeley County Pubic Service District

The table and chart below depicts the amount of gallons sold for the District, for the last 5 fiscal years.

Customer Description	----June 30, 2004---- Gallons* Sold	Change (%)	----June 30, 2005---- Gallons* Sold	Change (%)	----June 30, 2006---- Gallons* Sold	Change (%)	----June 30, 2007---- Gallons* Sold	Change (%)	----June 30, 2008---- Gallons* Sold	Change (%)
Residential	665,667	------	740,919	11.30%	840,518	13.44%	887,547	5.60%	926,022	4.33%
Commercial	250,551	------	283,629	13.20%	313,060	10.38%	326,465	4.28%	312,427	-4.30%
Industrial	177,455	------	193,875	9.25%	239,633	23.60%	178,410	-25.54%	193,215	8.30%
Public Authorities	19,520	------	19,909	1.99%	27,574	38.50%	21,461	-22.17%	25,427	18.48%
Totals:	1,113,193	------	1,238,332	11.24%	1,420,785	14.73%	1,413,883	-0.49%	1,457,091	3.06%

* *Gallons are in thousands per year.*

Source: Berkeley County Public Service District; Public Service Commission Reports

Rates

Pursuant to the Act, rates and charges are set by the Public Service Commission of West Virginia for the use of and the service rendered by the System sufficient for the payment of sums required to be paid into the various sinking funds and to provide for the repair, replacement, maintenance and operation of the System.

Current Rates

The table below lists the current water rates for General Domestic, Commercial and Industrial Customers:

First	3,000 Gallons Used per Month	$6.65	Per 1,000 Gallons
Next	2,000 Gallons Used per Month	$6.24	Per 1,000 Gallons
Next	5,000 Gallons Used per Month	$6.00	Per 1,000 Gallons
Next	90,000 Gallons Used per Month	$5.55	Per 1,000 Gallons
Over	100,000 Gallons Used per	$3.60	Per 1,000 Gallons

Minimum Charge

⅝ Inch Meter	$19.95	Per Month
1 Inch Meter	$49.90	Per Month
1½ Inch Meter	$99.76	Per Month
2 Inch Meter	$159.93	Per Month
3 Inch Meter	$299.31	Per Month
4 Inch Meter	$498.84	Per Month
6 Inch Meter	$997.69	Per Month
8 Inch Meter	$1,596.30	Per Month

Fire Hydrants; Private Fire Private Protection; Hose Fire Hydrants, each $127.73 per hydrant per year, payable annually. Private Fire Protection Sprinkler systems shall pay $127.73 per year, plus $0.43 per sprinkler head, payable annually.

Hose Connections for fire use only $73.86 per year, payable annually; simplex or duplex.

Delayed Payment: Ten percent (10%).
Tap Fee: Four hundred fifty dollars ($450.00)
Returned Check Charge: $15.00

Reconnection Fee: Twenty dollars ($20.00).
Leak Adjustment: $0.4896 per 1,000 gallons.

Capacity Improvement Fee:

Meter Size	Type	Factor	System Development Charge
⅝ Inch		1	$3,120
¾ Inch		1.5	$4,680
1 Inch		2.5	$7,800
1½ Inch		5	$15,600
2 Inch	Standard Compound Turbine	8 8 10	$24,960 $24,960 $31,200
3 Inch	Compound Turbine	16	$49,920
4 Inch	Standard Compound Turbine	24 25	$74,880 $78,000
6 Inch	Standard Compound Turbine	42 50	$131,040 $156,000
8 Inch	Standard Compound Turbine	92 80 160	$287,040 $249,600 $499,200

Future Rates

The table below lists the water rates for General Domestic, Commercial and Industrial Customers, which are anticipated to become effective in the spring of 2009:

First	2,000 Gallons Used per Month	$8.95	per 1,000 Gallons
Next	88,000 Gallons Used per Month	$5.80	per 1,000 Gallons
Over	90,000 Gallons Used per Month	$4.10	Per 1,000 Gallons

Minimum Charge

⅝ Inch Meter	$17.90	Per Month
1 Inch Meter	$44.75	Per Month
1½ Inch Meter	$89.50	Per Month
2 Inch Meter	$143.20	Per Month
3 Inch Meter	$268.50	Per Month
4 Inch Meter	$447.50	Per Month
6 Inch Meter	$895.00	Per Month
8 Inch Meter	$1,432.00	Per Month

Fire Hydrants; Private Fire Private Protection; Hose Fire Hydrants, each $127.73 per hydrant per year, payable annually. Private Fire Protection Sprinkler systems shall pay $127.73 per year, plus $0.43 per sprinkler head, payable annually.

Hose Connections for fire use only $73.86 per year, payable annually; simplex or duplex.

Delayed Payment: Ten percent (10%).

Reconnection Fee: Twenty dollars ($20.00).

Tap Fee: Four hundred fifty dollars ($450.00)

Leak Adjustment: $0.4896 per 1,000 gallons.

Returned Check Charge: $25.00

Capacity Improvement Fee:

Meter Size	Type	Factor	System Development Charge
⅝ Inch		1	$3,120
¾ Inch		1.5	$4,680
1 Inch		2.5	$7,800
1½ Inch		5	$15,600
	Standard	8	$24,960
	Compound	8	$24,960
2 Inch	Turbine	10	$31,200
	Standard		
	Compound	16	$49,920
3 Inch	Turbine	24	$74,880
	Standard		
	Compound	25	$78,000
4 Inch	Turbine	42	$131,040
	Standard		
	Compound	50	$156,000
6 Inch	Turbine	92	$287,040
	Standard		
	Compound	80	$249,600
8 Inch	Turbine	160	$499,200

Billing and Collections

The District bills each customer monthly, based on the actual water meter reading for the previous month. Payments are accepted for twenty days after the billing date before a late penalty of 10% is added. If bills are not paid within thirty days, water shutoff procedures are commenced. Water service is not restored until the account is settled in full.

Water Sales Revenue

The table and chart on the following page depict the operating revenues of the District, for the last 5 fiscal years.

Customer Description	----June 30, 2004---- Operating Revenues	Change (%)	----June 30, 2005---- Operating Revenues	Change (%)	----June 30, 2006---- Operating Revenues	Change (%)	----June 30, 2007---- Operating Revenues	Change (%)	----June 30, 2008---- Operating Revenues	Change (%)
Residential	4,010,165	---	4,528,105	12.92%	5,316,620	17.41%	6,369,526	19.80%	6,511,145	2.22%
Commercial	1,063,720	---	1,249,501	17.47%	1,418,209	13.50%	1,708,777	20.49%	1,653,920	-3.21%
Industrial	477,130	---	488,706	2.43%	459,259	-6.03%	630,411	37.27%	704,188	11.70%
Public Authorities	90,064	---	96,415	7.05%	131,700	36.60%	116,042	-11.89%	137,176	18.21%
Fire Protection	68,991	---	77,234	11.95%	89,194	15.49%	118,274	32.60%	126,879	7.28%
Totals:	5,710,070	---	6,439,961	12.78%	7,414,982	15.14%	8,943,030	20.61%	9,133,308	2.13%

Source: *Berkeley County Public Service District; Public Service Commission Report FY 06/30/08*

The District has covenanted to diligently enforce and collect all fees and charges as described in "SECURITY FOR THE SERIES 2009 BONDS -- Enforcement of Collections" herein.

System Budget and Expenditure

An operating budget is prepared annually by the Executive Director and is required by the Act to be submitted to the Board no later than 45 days before the new fiscal year begins. The budget is compared to actual year-to-date revenues and expenditures monthly.

Method of Accounting

The District maintains its accounts on an accrual basis and prepares its financial statements in accordance with generally accepted accounting principles. CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia, audited the records of the District for the fiscal years ended June 30, 2008 (See "Appendix B – Audited Financial Statement for Fiscal Year Ended June 30, 2008.")

Retirement System

All full-time employees of the District are covered by the West Virginia Public Employees Retirement System, ("PERS").

All full-time employees are eligible and must participate in the State PERS. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire after reaching the age of 60 and accumulating 5 years of credited service in force. Benefits generally vest in varying degrees once a member attains 5 or more years of credited service in force. Employees who retire at age 60 with 5 or more years of credited service in force are entitled to pension payments for the rest of their lives equal to 2% of their highest three-year average salary times the number of years for which they were employed as a participant in the State PERS.

Pension provisions include annuity options to provide benefits to a member's nominated beneficiary if so elected. In addition, disability retirement is provided for members who meet certain requirements as specified in the Act. The

District's covered payroll amounted to $2,050,401 for the year ended June 30, 2008.

Employees of the District are required to pay 4.5% of their gross earnings to the pension plan. In year ended June 30, 2008, the District made an annual contribution to the plan equal to 10.5% of its covered payroll. Total contributions made during the fiscal year ended June 30, 2008 amounted to $307,560, of which $92,268 was made by employees. Information regarding the plan is available from the State.

Summary of Historical Revenues and Expenses

The table below lists the net income of the District for the last 3 fiscal years as filed with the Public Service Commission of West Virginia.

Description	Audited Financials 06/30/06	Audited Financials 06/30/07	Audited Financials 06/30/08
Operating Revenues	$7,967,780	$9,510,914	$9,671,700
Operating Expenses			
Operation and Maintenance Expenses	$4,160,562	$4,665,342	$4,993,144
Depreciation Expenses	$1,811,142	$2,220,408	$2,441,160
Amortization			
Taxes Other than Income Taxes	$136,399	$149,471	$166,299
Total Operating Expenses	$6,108,103	$7,035,221	$7,600,603
Operating Income	$1,859,677	$2,475,693	$2,071,098
Non-Operating Income			
Interest and Dividend Income	$367,977	$994,166	$1,440,644
Miscellaneous Non-Operating Income			
Miscellaneous Income deductions			
Total Non-Operating Income	$367,977	$994,166	$1,440,644
Non-Operating Expenses			
Interest on Long Term Debt	$1,363,442	$1,921,557	$2,642,617
Amortization of Debt Discount and Expense	$73,608	$99,192	$147,579
Losses (Gains) from Disposition of Property	$1,549	($5,373)	$11,261
Total Non-Operating Expenses	$1,438,599	$2,015,376	$2,801,457
Income (loss) before capital contributions	$789,055	$1,454,483	$710,284
Capital Contributions	$10,242,958	$5,166,288	$6,495,511
NET INCOME	$11,032,013	$6,620,771	$7,205,795

Source: Berkeley County Public Service District Audited Financial Statements and PSC reports

Capacity Improvement Fees

The table below lists Capacity Improvement Fees collected by the District from January 1, 2006 through September 20, 2008. The Capacity Improvement Fee is charged for each new connection added to the system. The current Capacity Improvement Fee is ranges from $3,120 to $499,200 depending on the size of type of meter installed. The Capacity Improvement Fees are not considered part of the Net Revenues of the System. On February 8, 2007, the District issued $20,000,000 Series 2007 Bond Anticipation Notes. The Series 2007 Notes, secured solely by the Capacity Improvement Fees, has an outstanding principal balance of $15,000,000. In 2009, the District intends to retire $5,000,000 of principal of the Series 2007 Notes.

Date	Connections Added	Total
Total Collected Through 12/31/06		$3,663,907
Jan-07	52	$107,597
Feb-07	17	$36,988
Mar-07	60	$138,577
Apr-07	37	$62,887
May-07	84	$142,243
Jun-07	85	$156,935
Jul-07	74	$148,256
Aug-07	43	$167,879
Sep-07	68	$186,648
Oct-07	67	$99,840
Nov-07	35	$152,880
Dec-07	29	$123,240
Jan-08	67	$98,280
Feb-08	33	$99,430
Mar-08	35	$185,041
Apr-08	42	$134,160
May-08	30	$152,880
Jun-08	44	$152,880
Jul-08	60	$162,886
Aug-08	47	$152,880
Sep-08	34	$107,322
Totals:	1,043	$6,433,636

Annual Debt Service Requirements

The following table sets forth for each fiscal year during which the Series 2009 Bonds will be outstanding and the amounts payable from Net Revenues as principal of and interest on the Series 2009 Bonds and the Prior Bonds.

		Series 2009 Bonds				
FY Ending June 30	Existing Net Bond Payments	Principal Portion	Interest Portion	LESS: Cap. Interest & DSR	Total Payments	Net Total Payment
2007	$2,313,099					$2,313,099
2008	$2,747,361					$2,747,361
2009	$3,249,564		$78,806	($78,806)	$0	$3,249,564
2010	$3,152,243		$272,790		$272,790	$3,425,033
2011	$3,246,850	$280,000	$269,990		$549,990	$3,796,840
2012	$3,245,832	$290,000	$264,000		$554,000	$3,799,832
2013	$3,243,158	$295,000	$257,270		$552,270	$3,795,428
2014	$3,302,754	$250,000	$250,480		$500,480	$3,803,234
2015	$3,304,293	$255,000	$243,660		$498,660	$3,802,953
2016	$3,302,905	$265,000	$236,380		$501,380	$3,804,285
2017	$3,338,374	$270,000	$228,620		$498,620	$3,836,994
2018	$2,961,630	$660,000	$214,670		$874,670	$3,836,300
2019	$3,045,381	$680,000	$193,890		$873,890	$3,919,271
2020	$3,033,182	$195,000	$179,110		$374,110	$3,407,292
2021	$3,046,864	$205,000	$171,110		$376,110	$3,422,974
2022	$3,043,305	$210,000	$162,810		$372,810	$3,416,115
2023	$3,042,479	$220,000	$154,073		$374,073	$3,416,552
2024	$3,039,933	$235,000	$144,688		$379,688	$3,419,621
2025	$3,038,694	$240,000	$134,741		$374,741	$3,413,435
2026	$3,046,190	$255,000	$124,223		$379,223	$3,425,413
2027	$2,455,147	$865,000	$99,882		$964,882	$3,420,029
2028	$2,454,691	$900,000	$61,160		$961,160	$3,415,851
2029	$2,457,357	$940,000	$20,680	($712,081)	$248,599	$2,705,956
2030	$2,457,844					$2,457,844
2031	$2,456,237					$2,456,237
2032	$2,457,797					$2,457,797
2033	$2,458,084					$2,458,084
2034	$2,456,258					$2,456,258
2035	$2,458,305					$2,458,305
2036	$2,455,103					$2,455,103
2037	$2,457,188					$2,457,188
2038	$1,589,236					$1,589,236
2039	$128,660					$128,660
2040	$0					$0
Totals:	$90,485,997	$7,510,000	$3,763,032	($790,887)	$10,482,145	$100,968,143

Coverage Ratios

Under the Resolution, the District has covenanted to collect fees and charges such that Net Revenues available for debt service are not less than 120% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 Bonds and all other obligations secured by a lien or payable from such revenues prior to or on a parity with the Series 2009 Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2009 BONDS -- Rate Covenant" herein.

Upon reviewing the District's financial statements for the fiscal year ending June 30, 2002, an independent certified public accountant verified that the District did not meet the rate coverage requirements of the Prior Bonds. The District petitioned, and obtained approval from, the Public Service Commission of West Virginia for a water rate increase effective November 7, 2002. The rate increase provided adequate additional revenues to satisfy debt service coverage requirements for the Fiscal Year ending June 30, 2003.

The revenues generated by the current rates will be sufficient, in the opinion of the District's accountants, CoxHollidaPrice LLP, to produce revenues sufficient to pay the costs of operating and maintaining the System and funding the debt service on the Series 2009 Bonds and the Prior Bonds.

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The table below lists the coverage amounts for fiscal year ending June 30, 2006-2008.

Description	Audited Financials 06/30/06	Audited Financials 06/30/07	Audited Financials 06/30/08
System Revenues			
Operating	$7,967,780	$9,510,914	$9,671,700
Non-Operating (Interest & Dividend Income)	$367,977	$994,166	$1,440,644
Total	$8,335,757	$10,505,080	$11,112,344
System Expenses			
Operating Expenses & Taxes	$4,296,961	$4,814,813	$5,159,443
Depreciation Expense	$1,811,142	$2,220,408	$2,441,160
Interest Expense	$1,363,422	$1,921,557	$2,642,617
Non-Operating Expenses*	$75,157	$104,565	$158,840
Total	$7,546,682	$9,061,343	$10,402,060
Income (Loss) before Capital Contributions	$789,075	$1,443,737	$710,284
Add back:			
Depreciation Expense	$1,811,142	$2,220,408	$2,441,160
Interest Expense	$1,363,422	$1,921,557	$2,642,617
Amortization of Debt Discount	$73,608	$99,192	$147,579
Net Available for Debt Service	$4,037,247	$5,684,894	$5,941,640
Maximum Annual Debt Service Requirements (All Bonds)	$2,594,844	$3,009,279	$3,936,014
Coverage Ratio	155.59%	188.91%	150.96%

**Includes Amortization of Debt Discount & Losses (Gains) from Disposition of Property*

Source: Annual Public Service Commission reports and audited financial statements.

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INVESTMENT CONSIDERATIONS

The District does not have direct control over the Net Revenues it produces. The District's rates and charges are set by the PSC following a public notice and review process. The District cannot automatically increase rates, thereby increasing Net Revenues if customer numbers or customer usage decline or if operation and maintenance expenses increase significantly.

The District may and anticipates issuing additional bonds secured by the Net Revenues of the System, provided that the coverage and parity tests for the Series 2009 Bonds, the First Lien Bonds and the Second Lien Bonds are satisfied. The District is not required to obtain the consent of the owners of the Series 2009 Bonds to the issuance of obligations secured by Net Revenues. However, the coverage and parity tests contained in the Resolutions authorizing the Series 2009 Bonds must be met in order for the District to issue additional obligations secured by Net Revenues.

If Net Revenues are not sufficient to cover the debt service on the Series 2009 Bonds, then the District must request an increase in rates from the PSC. There can be no assurance that the PSC will increase rates and charges to a level sufficient to pay the debt service on the Series 2009 Bonds.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the District, threatened or affecting the District (or, to the District's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the District's financial position or on the validity of the Series 2009 Bonds, the Resolution, or any agreement to which the District is a party and which is a part of the issuance of the Series 2009 Bonds. Certain legal matters regarding disclosure issues will be passed.

LEGAL MATTERS

The authorization and issuance of the Series 2009 Bonds are subject to the approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the form set forth in Appendix D to this Official Statement. Certain legal matters will be passed upon for the District by its counsel, Hoy Shingleton, Martinsburg, West Virginia, and for the Underwriter by its counsel, Parker Poe Adams & Bernstein LLP, Columbia, South Carolina.

TAX MATTERS

General

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2009 Bonds (including original issue discount properly allocable to owners of the Series 2009 Bonds) (a) is excludable from gross income for federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended (the "Code"), (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (c) under existing State law, the Series 2009 Bonds are exempt from taxation by the State and the other taxing bodies of the State and the interest on the Series 2009 Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State. For the purposes of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income.

Bond Counsel's opinions are based on the law existing on the date of issuance of the Bonds, which is subject to change. No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in regulations promulgated pursuant to the Code or in interpretation of the Code or such regulations, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or

otherwise prevent owners from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed tax legislation or regulation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service (the "IRS"), including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds, or obligations which present similar tax issues, will not affect the market price for the Bonds. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law and in reliance on the representations and covenants that it deems relevant to such opinions.

Bond Counsel is further of the opinion that pursuant to Section 265(b)(3) of the Code, the Series 2009 Bonds shall be treated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2009 Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3). Therefore, the Series 2009 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or carry most tax-exempt obligations does not apply to the Series 2009 Bonds. Accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Series 2009 Bonds is deductible for federal income tax purposes.

The opinions described above are subject to the condition that the District complies on a continuing basis with all requirements of the Code that must be satisfied subsequent to issuance of the Series 2009 Bonds for interest thereon to be or continue to be excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2009 Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation retroactively to the date of issuance of the Series 2009 Bonds.

The accrual or receipt of the interest on the Series 2009 Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these and other consequences will depend upon the recipient's particular tax status or other consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences, and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Series 2009 Bonds.

Certain requirements and procedures contained or referred to in the Resolution, the Tax and Non-Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Steptoe & Johnson PLLC; provided, that Bond Counsel has not been retained, and is not obligated, to give such advice or approval.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

Original Issue Discount

Ross, Sinclaire & Associates, LLC (the "Purchaser") has advised that the respective initial price of the Bonds maturing on December 1, in the years 2015 through and including 2028 (the "Discount Bonds"), is less than the respective amounts payable at maturity. An amount not less than the difference between the initial public offering prices of the Discount Bonds and the amounts payable at maturity constitutes original issue discount ("OID"). Owners of Discount Bonds should consult their own tax advisors as to the determinations for federal income tax purposes of the amount of OID properly payable each year with respect to the Discount Bonds and as to federal tax consequences and the treatment of OID for State and local purposes.

The portion of the OID that is deemed to have accrued in each year to an owner of a Discount Bond will be included in determining the corporate alternative minimum tax, the distribution requirements of certain investment companies, and may result in some collateral income tax consequences mentioned in the preceding sections. Consequently, owners of any Discount Bonds should be aware that the accrual of the original issued discount in each year may result in a corporate alternative minimum tax liability, additional distribution requirements, or other collateral federal and West Virginia income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issued discount in such year.

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period with respect to Discount Bonds purchased upon the initial offering of such Bonds will be added to the owner's tax basis for the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption, or payment at maturity).

The Code contains certain provisions relating to the accrual of original issue discount and its effect on the redemption, sale, or other disposition of the Discount Bonds that are not purchased in the initial offering at the initial offering price. Purchasers of Discount Bonds who do not acquire the Discount Bonds in the initial offering at the initial offering price should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Prospective purchasers of the Bonds which are Discount Bonds should consult their personal tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount or interest properly accruable with respect to such Bonds and other tax consequences of owning Discount Bonds.

UNDERWRITING

Ross, Sinclaire & Associates, LLC., as Underwriter, has agreed, subject to certain conditions, to purchase the Series 2009 Bonds from the District at a price of $7,284,959.50 which reflects an Underwriter's discount of $149,550.00 and a net original issue discount of $75,490.50. The Underwriter will be obligated to purchase all of the Series 2009 Bonds if any are purchased. The Series 2009 Bonds may be offered and sold to certain dealers (including investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

ACCOUNTANT'S CALCULATIONS

CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia, independent certified public accountants, has certified the coverage requirement and parity test requirement.

FINANCIAL STATEMENTS OF THE DISTRICT

Included herein as Appendix B is the audited financial statement (and reports with respect thereto) of the District as of June 30, 2007 and June 30, 2008, prepared by CoxHollidaPrice LLP, Certified Public Accountants and Consultants, Martinsburg, West Virginia. The financial statement has been included herein in reliance upon the reports of the preparers thereof as experts in auditing and accounting.

CoxHollidaPrice LLP has consented to the inclusion of the Berkeley County Public Service District Financial Statements for years ended June 30, 2007 and 2008 in this offering document.

CONTINUING DISCLOSURE

The District has agreed in the Resolution to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2009 Bonds to provide:

(a) within 180 days after the end of its 2008 fiscal year and each subsequent fiscal year, to each nationally recognized municipal securities information repository ("National Repository"), either directly, or, if

permitted, through the Central Post Office ("CPO") and to any West Virginia State information depository ("State Depository"), core financial information and operating data for the prior fiscal year, including (i) the District's audited general purpose financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative data on the District's revenues, expenditures, and financial operations of the type found in this Official Statement under the caption "The System"; and

(b) in a timely manner, to each "National Repository," either directly, or if permitted, through the CPO, or to the Municipal Securities Rulemaking Board ("MSRB"), and to State Depository, notice of any of the following events with respect to the Series 2009 Bonds, if material:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions or events affecting the tax-exempt status of the security;
(7) modifications to rights of security holders;
(8) bond calls;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the securities;
(11) rating changes; and
(12) failure of the District to comply with clause (a) above.

With respect to Event (8), the District does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if the terms, dates and amounts of redemption are set forth in detail herein, the only open issue is which bonds will be redeemed in the case of a partial redemption, notice of redemption is given to the Bondholders as required under the terms of the Series 2009 Bonds and public notice of the redemption is given pursuant to 1934 Act Release No. 23856 of the Securities Exchange Commission (the "SEC"), even if the originally scheduled amounts are reduced by prior optional redemptions or Bond purchases.

Any of the foregoing information may be supplied by including by specific reference information previously supplied to each National Repository, either directly, or if permitted, to the CPO and the State Depository or the SEC. Information will not be included by reference from any final official statement unless such final official statement is available from the MSRB.

This continuing disclosure obligation is being undertaken by the District to assist the Underwriter in complying with Rule 15c2-12 promulgated by the SEC. The District has agreed to give notice in a timely manner to each National Repository, either directly, or if permitted, to the CPO or the MSRB, and to the State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2009 Bonds. Registered Owners may contact the Executive Director of the District at P.O. Box 737, Martinsburg, West Virginia 25402, (304) 267- 4600 for more information.

The District expects to utilize the Electronic Municipal Market Access system ("EMMA") maintained by the MSRB to file its Annual Filings and notices of Listed Events at such time as the system becomes available, and to amend the Continuing Disclosure Agreement, to the extent necessary, to comply with the Rule's filing requirements with respect to EMMA.

RATING

Moody's Investors Services ("Moody's") has assigned a rating of "Aa3 (with developing outlook)/Baa1" upon the delivery of the Policy by FSA at closing with respect to the Series 2009 Bonds. Any desired explanation of the significance of such ratings should be obtained from Moody's. Certain information and materials, including

information and materials not included in this Official Statement, were furnished by the Berkeley County Public Service District to Moody's. Generally, Moody's bases its rating on the information and materials so furnished and on its investigation, studies and assumptions. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of Moody's, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the Owners of the Series 2009 Bonds any proposed revision or withdrawal of the rating of the Series 2009 Bonds or to oppose any such proposed revision or withdrawal. Any such changes in or withdrawal of such rating could have an adverse effect on the market price or the marketability of the Series 2009 Bonds to which such change or withdrawal relates.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2009 Bonds. The District has authorized the execution and distribution of this Official Statement.

Copies of the Resolution, the Undertaking and other applicable documents may be obtained from the District at the following address:

Berkeley County Public Service District
P.O. Box 737
Martinsburg, West Virginia 25402
Attention: Executive Director
304.267.4600

or, during the period of offering the Series 2009 Bonds, from the Underwriter.

The execution and distribution of this Official Statement has been duly authorized by the District.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: /s/ Gregory Rhoe, Chairman

Appendix A

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
DEMOGRAPHIC INFORMATION

Appendix A
BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT

Berkeley County Public Service Water District is located in Berkeley County, West Virginia. The County seat, Martinsburg, is known as the "Gateway to the Shenandoah Valley." Berkeley County is located just 90 minutes from the Washington, D.C./Baltimore, Maryland area. It is bounded in the north by the Potomac River and Washington County, Maryland; on the east by Jefferson County, West Virginia; on the south by Frederick County, Virginia; and, on the west by Hardy and Morgan Counties of West Virginia.

In the fall of 1992, the U.S. Census Bureau included Berkeley County as part of the Washington, D.C/Baltimore, Maryland Standard Metropolitan Statistical Area. Berkeley County's proximity to this metropolitan area is the driving force behind the growth experienced by the Eastern Panhandle and the County. The transportation access, Interstate 81, West Virginia Route 9 and the MARC train, have aided in making the area a prime location for business, industry and commuters. Major industries in the Berkeley County today include General Motors, Quad Graphics, MAAX and Quebecor Printing.

The 2007 estimated population of Berkeley County is approximately 99,734 people. Berkeley County experienced a 28.1% population growth between 1990 and 2000. Below is a table representing Berkeley County's population and percentage of change from 1980 through July 1, 2007. (Years 2001 through and including 2007 are estimates.)

Population Year*	Population Amount	Percentage Change
2007	99,734	2.26%
2006	97,534	4.55%
2005	93,286	4.55%
2004	89,228	4.57%
2003	85,330	4.81%
2002	81,414	3.44%
2001	78,708	3.69%
2000	75,905	4.20%
1999	72,846	2.57%
1998	71,021	2.85%
1997	69,053	1.82%
1996	67,822	2.11%
1995	66,421	1.80%
1994	65,245	1.99%
1993	63,971	1.99%
1992	62,721	2.10%
1991	61,429	2.71%
1990	59,810	27.87%
1980	46,775	---

**Years 2001 through 2007 are estimated*
Source: 2008 U.S. Census Bureau

Major communities within reasonable traveling distance of Berkeley County include:

Community Name	Approximate Distance (miles)
Washington, DC	80
Baltimore, MD	90
Hagerstown, MD	18
New York, NY	264
Philadelphia, PA	180
Harrisburg, PA	93
Richmond, VA	180
Windhester, VA	22

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The following table represents the current labor force and employment data for Berkeley County and the state of West Virginia:

Calendar Year	Area	Civilian Labor Force	Total Employment	Total Unemployment	Unemployment Rate
2007	Berkeley County	45,130	43,470	1,660	3.70%
	West Virginia	818,200	785,300	32,900	4.00%
2006	Berkeley County	44,520	42,640	1,880	4.20%
	West Virginia	807,000	767,100	39,900	4.90%
2005	Berkeley County	43,909	41,530	1,790	4.70%
	West Virginia	800,400	760,600	39,700	5.00%
2004	Berkeley County	41,030	39,330	1,700	4.20%
	West Virginia	790,900	749,000	41,900	5.30%
2003	Berkeley County	37,950	36,160	1,790	4.70%
	West Virginia	787,000	739,000	48,000	6.10%
2002	Berkeley County	37,870	35,980	18,800	5.00%
	West Virginia	804,000	755,000	49,000	6.10%
2001	Berkeley County	38,290	36,880	1,410	3.70%
	West Virginia	821,000	781,000	40,000	4.80%
2000	Berkeley County	36,680	35,590	1,090	3.00%
	West Virginia	809,000	765,000	45,000	5.50%
1999	Berkeley County	35,710	34,400	1,310	3.70%
	West Virginia	816,000	763,000	54,000	6.60%
1998	Berkeley County	34,300	32,970	1,340	3.90%
	West Virginia	797,000	744,000	53,000	6.60%
1997	Berkeley County	33,480	31,960	1,530	4.60%
	West Virginia	803,000	748,000	55,000	6.90%

Source: 2007 West Virginia Bureau of Employment Programs

The table below lists the largest employers of Berkeley County, West Virginia (October, 2008):

Employer	Number of Employees
Berkeley County Schools	2,014
West Virginia Air National Guard	1,300
Veterans Administration Center	1,200
City Hospital	1,017
Quad/Graphics, Inc.	1,000
Enterprise Computing Center	900
Quebecor World Printing	500
U.S. Coast Guard Operations System Center	440
Regional Education Services Agency VIII	416
MAAX Aker Plastics Bathroom Sector	407

Source: 2008 Berkeley County Development Authority

Appendix B

AUDITED FINANCIAL STATEMENT
FOR FISCAL YEARS ENDED JUNE 30, 2008 AND 2007

Berkeley County
Public Service Water District

Financial Statements

For the years ended June 30, 2008 and 2007

RECEIVED
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BERKELEY COUNTY PUBLIC
SERVICE WATER DISTRICT

CoxHollidaPrice LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

201 E. Burke Street
Martinsburg, WV 25401
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CoxHollidaPrice LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

The Members of the Public Service Board
Berkeley County Public Service Water District

We have audited the accompanying financial statements of the business-type activities of Berkeley County Public Service Water District ("District") as of and for the years ended June 30, 2008 and 2007 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Berkeley County Public Service Water District as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 10 and pages 33 and 34, are not a required part of the basic financial statements, but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Berkeley County Public Service Water District's basic financial statements. The supplemental information on page 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

CoxHollidaPrice LLP

October 21, 2008

BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Our discussion and analysis of the Berkeley County Public Service Water District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Independent Auditor's Report on pages 3 and 4 and the District's financial statements that begin on page 11.

HIGHLIGHTS

Financial highlights

- The District's net assets increased by $7.2 million, or 15.4 % as a result of this year's operations.
- Total operating revenues increased to $9.67 million or 1.7 % in FY2008 while operating expenses increased 6.0 %.
- The District's capital contributions increased by $1,329,219 to $6.46 million, a 25.7% increase from last year.

District highlights

- The District issued $11.8 million in revenue bonds during FY2008 for projects which commenced during FY2008. The following projects remain as work-in-progress.

  - *Potomac River WTP Upgrade*
  - *New Potomac River Intake*
  - *2 million gallon water storage tank at Cumbo Yard*
  - *30" water main Waltson Dr. to Mid Atlantic Parkway*
  - *16" water main Charles Town Road*
  - *12" water main Winchester Avenue (Emergency interconnection with Frederick County, VA)*
  - *Water Well Exploration*
  - *Countywide Radio Telemetry*
  - *Emergency Power Generation Facilities*

- The District completed $2.32 million of water capital improvement projects, including the 24" water main to serve the Cumbo Yard tank and the 16" water main on Giles Mill Road.
- There were 17.1 miles of water mains added to the water distribution system of the District during the year. 13.1 miles were installed by developers (estimated cost $4.596 million) who subsequently transferred ownership to the District.
- The number of customers served by the District increased from 18,432 to 18,983 or an increase of 2.99 %. Growth continues to create a need for additional resources to efficiently maintain the water system.

USING THIS ANNUAL REPORT

This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements, and Required Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

Required financial statements

The Financial Statements of the District report information about the District using accounting methods similar to those used by private-sector companies. These statements offer short- and long-term financial information about its activities. The Balance Sheet includes all of the

District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine 1) whether the District has successfully recovered all its costs through its user fees and other charges, 2) profitability, and 3) credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities and provides answers to such questions as "from where did cash come?", "for what was cash used?", and "what was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

One of the most important questions asked about the District's finances is "Is the District, as a whole, better off or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Assets report information about the District's activities in a way that will help answer this question. These two statements report the net assets of the District and changes in them. You can think of the District's net assets (the difference between assets and liabilities) as one way to measure financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, population growth, and new or changed legislation.

The District's total net assets increased by $7.2 million from last year. Our analysis below focuses on the District's net assets (Table 1) and changes in net assets (Table 2) during the year.

Table 1

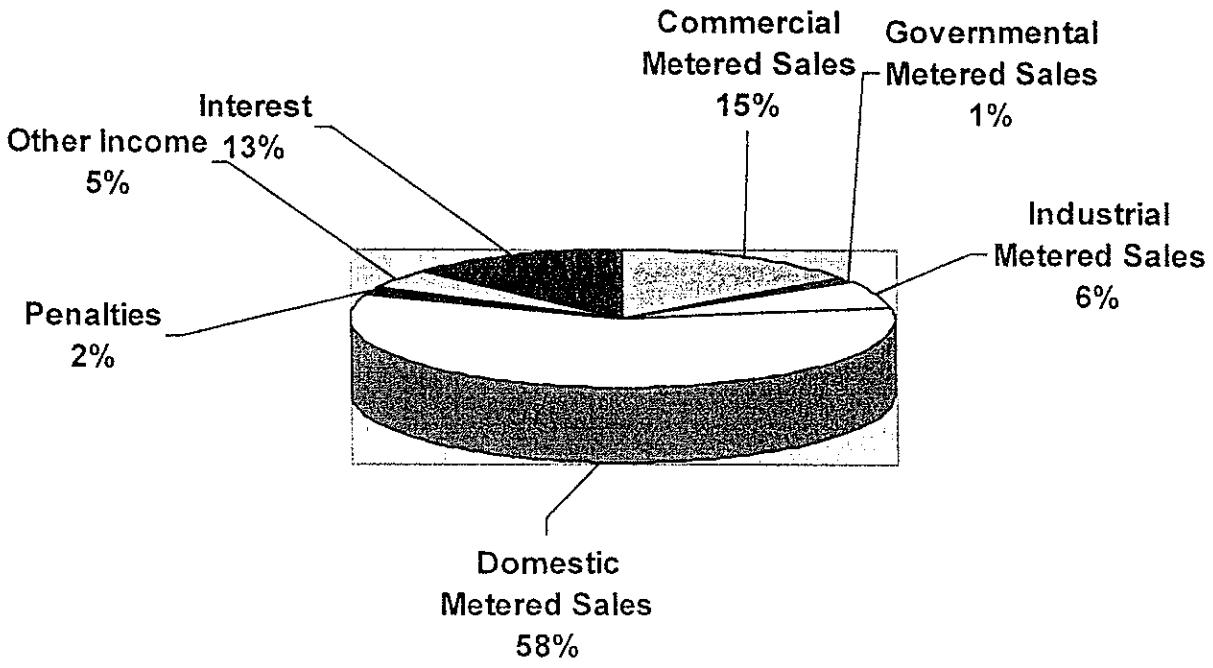
	2008	2007
Capital Assets	$ 93,683,512	$ 67,521,305
Current and other assets	33,727,767	39,698,654
Total assets	127,411,279	107,219,959
Long-term debt outstanding	67,594,954	57,058,986
Other liabilities	5,792,731	3,343,176
Total liabilities	73,387,685	60,402,162
Net assets:		
Invested in capital assets, net of debt	23,194,455	9,151,802
Restricted	28,220,361	34,511,974
Unrestricted	2,608,778	3,154,021
Total net assets	$ 54,023,594	$ 46,817,797

Changes in the District's net assets can be determined by reviewing the following condensed Statement of Revenue, Expenses and Changes in Net Assets for the year.

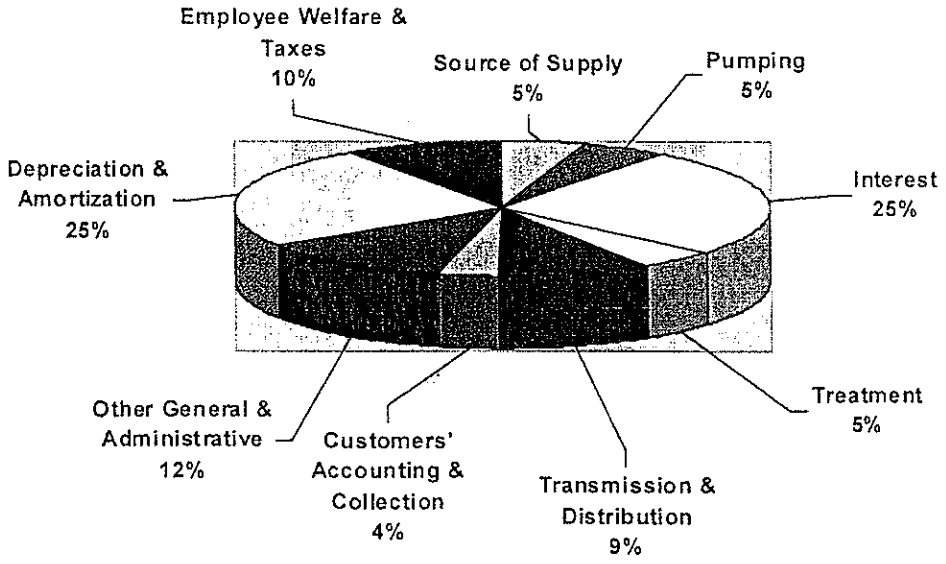
Table 2

	2008	2007
Net Operating Revenues	$ 9,671,701	$ 9,510,913
Interest income	1,440,644	994,166
Total Revenues	11,112,345	10,505,079
Operating Expenses	5,159,441	4,868,400
Interest expense	2,677,605	1,956,544
Other (income) expenses	123,853	58,833
Depreciation	2,441,160	2,218,175
Total expenses	10,402,059	9,101,952
Excess of revenues over expenses	710,286	1,403,127
Capital Contributions	6,495,511	5,166,292
Change in net assets	7,205,797	6,569,419
Net assets at beginning of year	46,817,797	40,248,378
Net assets at end of year	$ 54,023,594	$ 46,817,797

2008 Revenues by Source



2008 Expenses by Function



Total operating revenues reflect a 1.7 % increase in 2008 compared to 2007 due to an increase in the number of customers. Interest income was greater in 2008 because the District had additional funds to invest compared to the year before.

Operating expenses increased by approximately 6.0 % in 2008 compared to 2007 due primarily to increased costs for computer services, accounting fees, energy and fuel, labor and benefits, bond issue debt service and maintenance of storage tanks, water mains and fire hydrants.

THE DISTRICT'S CASH FUNDS

The District is operated as a proprietary or enterprise fund venture. As such the District operates **six** primary cash fund types. The **General Cash Fund** has been established since the District's inception to report charges to water customers and for services provided to them. The **Renewal and Replacement (R & R) Cash Fund** is required by bond documents and is used to provide replacements of capital equipment and vehicles and for major repairs to water production and storage equipment. The **Construction Cash Fund** is used for the orderly disbursement of bond monies to complete approved projects. The **Security Deposit Cash Fund** is used strictly as an escrow depository for customer security deposits. The **Tank Maintenance Cash Fund** provides for the systematic completion of required maintenance of the District's water storage tanks. The **Capacity Improvement Fee Fund** provides for capital improvements as authorized by the West Virginia Public Service Commission.

Budgetary highlights

The District's Board of Directors adopted the Operating Budget of $10,214,500 for FY 2007/2008 on May 14, 2007. Major differences between budgeted and actual amounts per budgetary basis on the Budgetary Comparison Schedule on page 33 are as follows: Income from Residential water accounts decreased due to an increased amount of rainfall; Interest Income was greater than anticipated. Capacity Improvement Fees were greater than the budgeted amount due to an approved increase in our tariff for this Fee. Also, the refund received from the West Virginia Municipal Bond Commission was more than the budgeted amount. Renewal and replacement funds show less equipment purchased and major repairs made to the system than budgeted for. Lastly, the amount of funds expended on Capital Improvements was significantly more than the budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At the end of the 2008 Fiscal Year, the District had $93.7 million invested in a broad range of capital assets, including water treatment plants, water transmission and distribution mains, water storage facilities, pump stations and pressure reducing stations. This amount represents a net increase (including additions and deductions) of $26.2 million, or nearly 38.8 % over last year. These changes are presented in detail in the notes to the financial statements.

The following table summarizes the District's capital assets, net of accumulated depreciation, for the years ended June 30, 2008 and 2007.

Table 3

	2008	2007
Land and Land Improvements	$ 1,353,268	$ 1,256,244
Utility Plant and equipment	23,537,505	24,370,851
Water lines, meters and hydrants	39,549,906	33,334,672
Office equipment and furniture	55,885	58,599
Vehicles	1,820,714	1,845,286
Shop and garage equipment	296,040	335,231
Construction work in progress	27,070,194	6,320,422
Net utility plant	$ 93,683,512	$ 67,521,305

This year's major additions included:

- Water distribution system upgrades $ 6.99 million
- Potomac River Intake & Treatment Plan $19.42 million
- Other capital construction projects $ .61 million
- Purchase of equipment, vehicles, meters and computers $ .29 million

The District awarded professional design contracts for the following projects:
in FY 2007
- 30 inch Water Main Interstate 81
- New Source Evaluation at Quarries

in FY 2008
- Water Storage Tanks and associates mains
- Large diameter water transmission mains

The District's 2009 capital budget plans for investing $16.25 million in the above listed projects and another $1.52 million in capital additions and equipment, including the following:

New water plants, equipment & land
Service connections and meters
Main line extensions and fire hydrants
Water storage facilities
Vehicles
Computers and equipment
Security improvements

In August 2007, the Public Service Commission of West Virginia approved an increase to the District's Capacity Improvement Fee schedule. The Capacity Improvement Fee, which is applicable to new service connections, provides the District with funds to be used for needed capital improvements and additions as a result of growth in the District's service area.

Berkeley County Public Service Water District

BALANCE SHEETS

June 30, 2008 and 2007

ASSETS

	2008	2007
CURRENT ASSETS		
Cash and temporary investments	$ 1,859,113	$ 1,818,705
Accounts receivable - customers (net of allowance of $40,000)	1,048,744	1,354,801
Inventory	169,233	181,286
Other current assets	41,256	67,958
Total current assets	3,118,346	3,422,750
RESTRICTED ASSETS		
Debt service funds	1,826,961	1,521,030
Debt service reserve funds	3,518,616	3,529,756
Construction funds	16,287,516	25,207,995
Renewal and replacement funds	1,364,877	927,866
Customer deposits	454,283	428,060
Capacity improvement fees	5,195,028	3,309,526
Total restricted assets	28,647,281	34,924,233
Total current and restricted assets	31,765,627	38,346,983
UTILITY PLANT		
Utility plant in service	90,436,849	83,034,113
Construction in progress	27,070,194	6,320,422
Less accumulated depreciation	(23,823,531)	(21,833,230)
Net utility plant	93,683,512	67,521,305
OTHER ASSETS		
Unamortized debt issue expense	1,962,140	1,351,671
Total assets	$ 127,411,279	$ 107,219,959

The accompanying notes are an integral part of this statement.

Berkeley County Public Service Water District

BALANCE SHEETS (Continued)

June 30, 2008 and 2007

LIABILITIES

	2008	2007
CURRENT LIABILITIES (payable from current assets)		
Leases payable (due within one year)	$ 20,434	$ 19,427
Accounts payable	446,879	144,815
Accrued expenses	62,689	123,363
Accrued payroll taxes	39,392	551
Total current liabilities (payable from current assets)	569,394	288,156
CURRENT LIABILITIES (payable from restricted assets)		
Revenue bonds payable (due within one year)	1,159,663	979,501
Accrued interest expense	712,353	663,707
Construction payables	2,924,401	999,553
Customer deposits	426,920	412,259
Total current liabilities (payable from restricted assets)	5,223,337	3,055,020
Total current liabilities	5,792,731	3,343,176
LONG-TERM LIABILITIES		
Advances for construction - developers	79,779	75,028
Leases payable	849,104	869,539
Revenue bonds payable	46,854,387	36,337,722
Less: unamortized deferred loss	(188,316)	(223,303)
Bond anticipation notes payable	20,000,000	20,000,000
Total long-term liabilities	67,594,954	57,058,986
Total liabilities	73,387,685	60,402,162

NET ASSETS

NET ASSETS		
Invested in capital assets, net of related debt	23,194,455	9,151,802
Restricted for debt and construction	28,220,361	34,511,974
Unrestricted	2,608,778	3,154,021
Total net assets	54,023,594	46,817,797
Total liabilities and net assets	$ 127,411,279	$ 107,219,959

The accompanying notes are an integral part of this statement.

Berkeley County Public Service Water District

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Metered water sales		
- domestic	$ 6,457,730	$ 6,331,934
- commercial	1,653,920	1,708,777
- industrial	704,188	630,411
- governmental	137,176	116,042
Customers' forfeited discounts and penalties	188,476	165,733
Other operating income	530,211	558,016
Total operating revenues	9,671,701	9,510,913
OPERATING EXPENSES	5,159,441	4,868,400
Operating income before depreciation	4,512,260	4,642,513
DEPRECIATION	2,441,160	2,218,175
Operating income	2,071,100	2,424,338
NON-OPERATING INCOME (EXPENSE)		
Interest income	1,440,644	994,166
Gain (loss) on disposal of utility plant	(11,261)	5,373
Interest expense	(2,677,605)	(1,956,544)
Amortization	(112,592)	(64,206)
Total non-operating income (expense)	(1,360,814)	(1,021,211)
Increase in net assets before capital contributions	710,286	1,403,127
CAPITAL CONTRIBUTIONS	6,495,511	5,166,292
Increase in net assets	7,205,797	6,569,419
Net assets at beginning of year	46,817,797	40,248,378
Net assets at end of year	$ 54,023,594	$ 46,817,797

The accompanying notes are an integral part of this statement.

Berkeley County Public Service Water District

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 9,992,419	$ 9,221,056
Cash payments for goods and services	(1,977,026)	(2,365,103)
Cash payments for employee services	(2,863,427)	(2,525,521)
Net cash provided by operating activities	5,151,966	4,330,432
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,440,644	994,166
Maturities, redemptions and purchases of certificates of deposit (net)	(4,651,416)	(172,994)
Net cash provided by (used in) investing activities	(3,210,772)	821,172
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from revenue bonds payable	11,800,000	10,000,000
Proceeds from bond anticipation notes payable	-	20,000,000
Proceeds from utility plant disposal	7,428	5,504
Principal payments on revenue bonds payable	(1,103,173)	(920,120)
Principal payments on capital lease payable	(19,427)	(18,470)
Interest paid	(2,593,970)	(1,549,002)
Payments made for advances for construction-developers	(8,234)	(5,687)
Payments received in advance for construction-developers	12,984	52,275
Acquisition and construction of capital assets	(21,992,695)	(6,651,477)
Payment of bond issuance costs-new or anticipated bond issue	(723,061)	(833,354)
Payments received for service connections	24,125	51,500
Payments received for capital improvement fees	1,766,871	1,176,426
Net cash provided by (used in) capital and related financing activities	(12,829,152)	21,307,595
Net increase (decrease) in cash and cash equivalents	(10,887,958)	26,459,199
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	35,050,605	8,591,406
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 24,162,647	$ 35,050,605
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	$ 2,071,100	$ 2,424,338
Depreciation	2,441,160	2,218,175
Adjustments for changes in operating assets and liabilities:		
(Increase) decrease in operating assets	344,812	(329,369)
Increase (decrease) in operating liabilities	294,894	17,288
Net cash provided by operating activities	$ 5,151,966	$ 4,330,432
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Main line extensions contributed by developers	$ 4,704,514	$ 3,938,366

The accompanying notes are an integral part of this statement.

GENERAL

The Berkeley County Public Service Water District ("District") is a public corporation created under the laws of the State of West Virginia on December 12, 1954, for the purpose of operating a water utility and providing water services to customers in its franchise area within Berkeley County. On July 1, 2001, the former Opequon Public Service District and the former Hedgesville Public Service District merged into the Berkeley County Public Service District pursuant to an order made by the Berkeley County Commission and approved by the Public Service Commission of West Virginia. The Berkeley County Public Service District conducts business under the name of the Berkeley County Public Service Water District.

Reporting Entity

For financial reporting purposes, the District is considered an independent reporting entity. The basic criteria for defining the District as an independent reporting entity is the District's financial independence, accountability for fiscal matters, significant influence on operations and ability to designate management.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District are prepared in accordance with Generally Accepted Accounting Principles (GAAP). As a proprietary fund type, the District applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

Financial Reporting Entity

The District complies with GASB Statement No. 14, *"The Financial Reporting Entity."* This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria, there are no component units to include in the District's financial statements.

Basis of Presentation

Accounts of the District are organized on the basis of fund accounting under one fund, an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an *"economic resources"* measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charged to customers for sales and service. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities and Net Assets

For purposes of the statement of cash flows, the District considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

The reserve method is used to provide for possible losses in the collection of customer's accounts receivable.

Inventory is stated at the lower of cost or market using the first in, first out method.

Utility plant is stated at cost at the date of acquisition. Donated assets, principally water lines, are recorded at an amount which approximates the donor's cost and are recorded as capital contributions. Depreciation is provided on the straight-line method at various rates calculated to allocate the costs of the respective items over their estimated useful lives ranging from 5 to 50 years. Interest paid on loans obtained for construction of plant facilities is capitalized when material. Capitalized interest for the years ended June 30, 2008 and 2007 was $236,034 and $55,896, respectively. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Major classifications of utility plant of the District and their respective useful lives at June 30, 2008 and 2007, are summarized below:

Classification	Useful Lives
Utility plant and equipment	10-50 years
Water lines, meters and hydrants	10-50 years
Office equipment and furniture	5-20 years
Vehicles	5-10 years
Shop and garage equipment	5-25 years

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Assets (Continued)

Construction work in progress represents costs accumulated for the replacement of sections of the District's transmission and distribution systems, plant expansions and rehabilitation, and other projects that were not completed at year end.

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees may, depending on level and length of service, be paid for various amounts of their total accrued leave upon termination or retirement. The District accrues a liability for leave hours that meets the criteria for payment at the eligible employees' current rates of pay plus retirement benefits and employment taxes. The accrual for compensated absences was $48,743 and $40,011 at June 30, 2008 and 2007, respectively.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the District's balance sheets. Bond issuance costs are reported as "other assets" and amortized over the term of the related debt or on a weighted average of outstanding debt during the year.

Net Asset Classifications

Net assets are classified and displayed in three components:

a. Invested in capital assets, net of related debt-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

b. Restricted net assets-Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Budget

In accordance with West Virginia Code, Management shall prepare and submit to the Board a tentative budget. Such tentative budget shall be considered by the Board and, subject to any revisions or amendments that may be determined by the Board, shall be adopted as the budget for the ensuing fiscal year. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the Board.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments consist of the following accounts and amounts at June 30, 2008 and 2007:

	2008	2007
Operation and maintenance	$ (52,025)	$ 3,141
Other cash	17,510	29,149
Revenue fund – checking	1,470,914	1,386,870
Revenue fund – certificates of deposit	422,714	399,545
Total	$ 1,859,113	$ 1,818,705

The revenue fund is a restricted account under the control of a trustee in accordance with provisions of the revenue bond resolutions; however, these funds are generally available for the operations of the District.

RESTRICTED ASSETS

The debt service funds represent funds on deposit with the West Virginia Municipal Bond Commission as trustee under the various bond resolutions. These funds are to be used to pay bond interest and principal.

The debt service reserve funds represent funds on deposit with the West Virginia Municipal Bond Commission. The District is required to maintain these accounts over the life of the outstanding bond issues.

The construction funds represents funds on deposit with a financial institution and the West Virginia Municipal Bond Commission. These funds are to be used to pay the costs of the District's construction projects.

The renewal and replacement fund represents funds on deposit with several financial institutions for the purpose of meeting unforeseen emergencies or renewal and replacement work.

Customer deposits represent funds on deposit with several financial institutions for the purpose of securing payment for services in the event customer accounts become delinquent.

Capacity improvement fees represent funds on deposit with a financial institution. These fees are collected from all new service connections to the District's water system and are to be used only for upgrades to or construction of the system as stated in the Joint Stipulation approved by the Public Service Commission of West Virginia.

It is the District's policy to first use restricted assets when available and then use general revenues to finance projects and expenses.

DEPOSITS AND INVESTMENTS

At June 30, 2008, the District's cash and investment balances were as follows:

Investment Type	Maturities	Fair Value
Repurchase Agreements	Daily	$ 1,298,161
State Investment Pool	Average of 90 days	21,633,074
Total investments		22,931,235
Cash and Certificates of Deposit		7,575,159
Total Cash, Certificates of Deposit, and Investments		$ 30,506,394

Credit Risk

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia, obligations of the federal mortgage association, indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government, pooled mortgage trusts (subject to limitations), indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades, interest earning deposits which are fully insured or collateralized, and mutual funds registered with S.E.C. which have fund assets over three hundred million dollars. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk-Deposits and Investments (excluding investments at the West Virginia Municipal Bond Commission)

Custodial credit risk is the risk that in the event of a bank or counter party failure, the District will not be able to recover the value of its deposits, investments or collateral securities that are in possession of an outside party. The District does not have a formal deposit policy for custodial credit risk. As of June 30, 2008, $8,550,966 of the District's bank balance of $9,150,966 was exposed to custodial credit risk. Of the bank balance, $600,000 was covered by Federal Deposit Insurance (FDIC). Of the remaining balance of $8,550,966, $7,252,805 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name, and $1,298,161 was invested in overnight repurchase agreements with securities held by the pledging financial institution's trust department or agent, not maintained separately in the District's name.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value changes arising from changing interest rates.

DAILY CASH INVESTMENT REPURCHASE AGREEMENT

The District has a repurchase agreement with a local financial institution for the investment of excess funds in one of the District's bank accounts. Under the repurchase agreement, all collected balances in the account at the end of each day are automatically withdrawn and used to purchase an investment under the repurchase agreement. Investments are backed by securities that are direct obligations of, or are fully guaranteed as to principal and interest by the United States of America or any agency thereof. The market value of the investments approximates cost at June 30, 2008 and 2007.

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance at July 01, 2006	Additions	Retirements	Balance at June 30, 2007
Land and land improvements	$ 1,081,966	$ 246,722	$ -	$ 1,328,688
Utility plant and equipment	32,337,124	3,842,672	-	36,179,796
Water lines, meters and hydrants	36,223,918	4,878,965	-	41,102,883
Office equipment and furniture	366,892	5,189	24,570	347,511
Vehicles	2,863,159	55,450	29,685	2,888,924
Shop and garage equipment	1,183,700	6,866	4,255	1,186,311
Construction work in progress	4,106,236	6,605,196	4,391,010	6,320,422
Total capital assets	$ 78,162,995	$ 15,641,060	$ 4,449,520	$ 89,354,535

	Balance at July 1, 2006	Additions	Retirements	Balance at June 30, 2007
Less accumulated depreciation:				
Land and land improvements	$ 69,396	$ 3,048	$ -	$ 72,444
Utility plant and equipment	11,003,247	805,698	-	11,808,945
Water lines, meters and hydrants	6,509,987	1,258,224	-	7,768,211
Office equipment and furniture	290,162	23,289	24,539	288,912
Vehicles	985,201	88,023	29,586	1,043,638
Shop and garage equipment	815,441	39,894	4,255	851,080
Total accumulated depreciation	$ 19,673,434	$ 2,218,176	$ 58,380	$ 21,833,230
Net capital assets	$ 58,489,561	$ 13,422,884	$ 4,391,140	$ 67,521,305

CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance at July 01, 2007	Additions	Retirements	Balance at June 30, 2008
Land and land improvements	$ 1,328,688	$ 100,000	$	$ 1,428,688
Utility plant and equipment	36,179,796	21,461	5,482	36,195,775
Water lines, meters and hydrants	41,102,883	7,666,169	394,374	48,374,678
Office equipment and furniture	347,511	12,684	9,434	350,761
Vehicles	2,888,924	71,971	58,881	2,902,014
Shop and garage equipment	1,186,311	-	1,378	1,184,933
Construction work in progress	6,320,422	20,749,772	-	27,070,194
Total capital assets	$ 89,354,535	$ 28,622,057	$ 469,549	$ 117,507,043

	Balance at July 01, 2007	Additions	Retirements	Balance at June 30, 2008
Less accumulated depreciation:				
Land and land improvements	$ 72,444	$ 2,976	$	$ 75,420
Utility plant and equipment	11,808,945	854,807	5,482	12,658,270
Water lines, meters and hydrants	7,768,211	1,432,484	375,923	8,824,772
Office equipment and furniture	288,912	15,165	9,201	294,876
Vehicles	1,043,638	96,543	58,881	1,081,300
Shop and garage equipment	851,080	39,186	1,373	888,893
Total accumulated depreciation	$ 21,833,230	$ 2,441,161	$ 450,860	$ 23,823,531
Net capital assets	$ 67,521,305	$ 26,180,896	$ 18,689	$ 93,683,512

REVENUE BONDS PAYABLE

The District is obligated under certain bond resolutions with respect to the following revenue bonds outstanding as of June 30, 2008 and 2007:

	2008	2007
Series B 1993 water revenue bonds in the original amount of $528,871, payable in annual installments, with increasing principal and interest beginning October 1, 1993 at $2,359 and concluding October 1, 2031 at $40,229 including 7.75% interest;	$ 466,059	$ 472,766
Series C 1993 water revenue bonds in the original amount of $17,629, payable in annual installments, beginning October 1, 1993 and concluding October 1, 2031 at $452 with no interest;	10,849	11,301

REVENUE BONDS PAYABLE (Continued)

	2008	2007
Series D 1993 water revenue bonds in the original amount of $10,257,957, total annual installments of principal and interest at $751,218; principal payable in annual installments beginning October 1, 1995 and concluding April 1, 2033 with interest payable in semi-annual installments at 6.75%;	$ 9,092,592	$ 9,221,367
Series 1996 water revenue bonds in the original amount of $677,158, payable in annual installments, with increasing principal and interest beginning October 1, 1997 at $4,392 and concluding October 1, 2035 at $43,966 including 6.25% interest;	610,538	618,590
Series 1997 water revenue bonds in the original amount of $3,339,090, payable in quarterly installments of $41,223 beginning December 1, 1997 and concluding December 1, 2017 with no interest;	618,350	906,913
Series 2001 water revenue bonds in the original amount of $2,010,000, payable in annual installments with varying principal and interest beginning October 1, 2002 at $15,502 and concluding October 1, 2039 at $124,841 including 5.8% interest;	1,902,412	1,922,962
Series A 2003 water revenue refunding bonds in the original amount of $1,330,000, payable in annual installments with varying principal and interest beginning March 2004 at $300,000 including interest at 1.2% and concluding March 2010 at $50,000 including interest at 3.3%;	100,000	210,000
Series B 2003 water revenue refunding bonds in the original amount of $2,030,000, payable in annual installments with varying principal and interest beginning September 2003 at $50,000 including 2% interest and concluding September 2019 at $160,000 including 4.4% interest;	1,705,000	1,755,000
Series C 2003 water revenue bonds in the original amount of $2,430,000, payable in annual installments with varying principal and interest beginning October 2004 at $73,490 and concluding October 2023 at $185,704 including 5% interest;	2,113,250	2,198,324

REVENUE BONDS PAYABLE (Continued)

	2008	2007
Series 2004 water revenue bonds in the original amount of $10,000,000, principal payable in annual installments at varying amounts and semi-annual interest at varying rates averaging 3.96%; interest payments beginning June 2005 and principal payments beginning December 2007 and concluding December 2024 including 4.3% interest;	$ 9,595,000	$ 10,000,000
Series 2006 water revenue bonds in the original amount of $10,000,000, principal payable in annual installments at varying amounts and semi-annual interest payments beginning June 2007 at 3.5% and principal payments beginning December 2009 and concluding December 2036 including 4.3% interest;	10,000,000	10,000,000
Series 2007 water revenue bonds in the original amount of $2,300,000, principal payable in annual installments at varying amounts and semi-annual interest payments at varying rates averaging 4.20%; interest payments beginning June 2008 and principal payments beginning December 2013 and concluding December 2025 including 4.25% interest;	2,300,000	-
Series 2008 water revenue bonds in the original amount of $9,500,000, principal payable in annual installments at varying amounts and semi-annual interest payments at varying rates averaging 4.19%; interest payments beginning June 2008 and principal payments beginning December 2025 and concluding December 2037 including 4.25% interest.	9,500,000	-
	$ 48,014,050	$ 37,317,223

REVENUE BONDS PAYABLE (Continued)

Maturities of revenue bonds payable and interest payments for each of the next five years and in subsequent five year increments succeeding June 30, 2008 are as follows:

Year Ending June 30	Principal	Interest
2009	$ 1,159,663	$ 2,225,702
2010	1,110,764	2,187,934
2011	1,097,864	2,149,309
2012	1,094,810	2,110,152
2013	1,010,430	2,068,212
2014-2018	6,066,375	9,568,830
2019-2023	7,410,241	7,978,077
2024-2028	9,167,376	5,847,598
2029-2033	9,349,631	3,784,298
2034-2038	10,304,057	1,157,372
2039-2040	242,839	14,282
	$ 48,014,050	$ 39,091,764

The revenue bond issues are secured by a lien on the revenues derived from the system and a statutory mortgage lien on the system plant.

	Balance at July 01, 2006	Additions	Deductions	Balance at June 30, 2007
Water revenue bonds:				
Series B 1993	$ 478,990	$ -	$ 6,224	$ 472,766
Series C 1993	11,753	-	452	11,301
Series D 1993	9,342,000	-	120,633	9,221,367
Series 1996	626,168	-	7,578	618,590
Series 1997	1,236,700	-	329,787	906,913
Series 2001	1,942,385	-	19,424	1,922,961
Series A 2003	490,000	-	280,000	210,000
Series B 2003	1,830,000	-	75,000	1,755,000
Series C 2003	2,279,346	-	81,022	2,198,324
Series 2004	10,000,000	-	-	10,000,000
Series 2006	-	10,000,000	-	10,000,000
Total water revenue bonds payable	$ 28,237,342	$ 10,000,000	$ 920,119	$ 37,317,223
Less: Current portion due in upcoming year:				979,501
Long-term water revenue bonds payable at June 30, 2007 (net of current portion)				$ 36,337,722

REVENUE BONDS PAYABLE (Continued)

	Balance at July 01, 2007	Additions	Deductions	Balance at June 30, 2008
Water revenue bonds:				
Series B 1993	$ 472,766	$ -	$ 6,707	$ 466,059
Series C 1993	11,301	-	452	10,849
Series D 1993	9,221,367	-	128,775	9,092,592
Series 1996	618,590	-	8,052	610,538
Series 1997	906,913	-	288,563	618,350
Series 2001	1,922,962	-	20,550	1,902,412
Series A 2003	210,000	-	110,000	100,000
Series B 2003	1,755,000	-	50,000	1,705,000
Series C 2003	2,198,324	-	85,073	2,113,250
Series 2004	10,000,000	-	405,000	9,595,000
Series 2006	10,000,000	-	-	10,000,000
Series 2007	-	2,300,000	-	2,300,000
Series 2008	-	9,500,000	-	9,500,000
Total water revenue bonds payable	$ 37,317,223	$ 11,800,000	$ 1,103,173	$ 48,014,050
Less: Current portion due in upcoming year:				1,159,663
Long-term water revenue bonds payable at June 30, 2008 (net of current portion)				$ 46,854,387

The significant covenants contained in the bond issues are as follows:

Actual coverage ratio	155.8	%
Required coverage ratio	120.0	%
Required renewal and replacement fund	$ 241,793	
Required debt service reserve (to be funded over 10 years)	$ 3,382,658	

The above actual coverage ratio excludes the 2007 bond anticipation note and 2007 note interest. This issue is not secured by the net revenues of the system.

BOND ANTICIPATION NOTE PAYABLE

The District is obligated under certain bond resolutions with respect to the following revenue bonds outstanding as of June 30, 2007 and 2006:

	2008	2007
Series 2007 bond anticipation note in the original amount of $20,000,000 with semi-annual interest beginning August 2007 at 4.25% and total principal payable February 2014 including 4.25% interest.	**$ 20,000,000**	$ 20,000,000

BOND ANTICIPATION NOTE PAYABLE (Continued)

Maturities of bond anticipation note payable and interest payments for each of the next five years and in subsequent five year increments succeeding June 30, 2008 are as follows:

Year Ending June 30	Principal	Interest
2009	$ -	$ 850,000
2010	-	850,000
2011	-	850,000
2012	-	850,000
2013	-	850,000
2014	20,000,000	850,000
	$ 20,000,000	$ 5,100,000

The bond anticipation note issue is secured by a first lien on the Capacity Improvement Fees and Surplus Revenues derived from the System, and the proceeds of bonds to be hereafter issued to provide permanent financing for the Project.

	Balance at July 01, 2007	Additions	Deductions	Balance at June 30, 2008
Long-term bond anticipation note payable:				
Series 2007	$ 20,000,000	$ -	$ -	$ 20,000,000

The significant covenants contained in the bond issue are as follows:

Actual coverage ratio	127.5	%
Required coverage ratio	100.0	%
Required renewal and replacement fund	$ 241,793	
Required debt service reserve	$ 1,000,000	

The above actual coverage ratio includes all prior revenue bonds payable and the interest on Series 2007. Principal due on 2008 notes at maturity is not required per covenants to be included.

LINE OF CREDIT PAYABLE

On March 2, 2007, the District increased their unsecured line of credit from $500,000 to $1,000,000. The District pays interest only on a monthly basis and the principal is due on demand. The interest rate to be applied to the unpaid principal balance varies based on the Prime Rate as published in the *Wall Street Journal*. There was no balance outstanding at June 30, 2008 and 2007. The District did not use the line of credit in the fiscal year ended June 30, 2008 or 2007.

CAPITAL LEASE PAYABLE

The former Hedgesville Public Service District entered into an agreement to lease a water distribution main from the City of Martinsburg, West Virginia ("City"). Under the agreement, the District pays the City monthly lease payments beginning in 2001 over a thirty-year term. At the end of the lease, ownership of the leased property is transferred to the District.

CAPITAL LEASE PAYABLE (Continued)

Minimum future lease payments under capital leases as of June 30, 2008, for each of the next five years and in the aggregate, are:

2009	$	63,984
2010		63,984
2011		63,984
2012		63,984
2013		63,984
2014-2018		319,810
2019-2023		319,645
2024-2028		319,568
2029-2032		195,055
Total minimum lease payments	$	1,473,998
Less: amount representing interest		604,460
Present value of net minimum lease payments	$	869,538

In addition to leasing the water distribution main, the District committed to pay a minimum of approximately $29,000 annually for purchased water from the City once the water distribution main is put in service. The water distribution main was placed in service in 2003.

CAPITAL COMMITMENTS MADE WITH OTHER UTILITY PROVIDERS

On May 17, 2000, the former Berkeley County Public Service District entered into an agreement with the City of Martinsburg, West Virginia ("City"), for the sale and purchase of water. The District has committed to pay a minimum of approximately $200,000 annually for purchased water from a City owned treatment plant. The District also agreed to pay a monthly fee to the City for allocated capacity, cost of funding required reserves, and renewal and replacements. This monthly fee will be based on an approximate $850,000 capital base at an estimated 5.8% interest rate in effect over the term of this agreement (40 years).

OPERATING LEASES

The District entered into an operating lease for administrative space on October 1, 2001. The original lease period expired November 30, 2003, with an option for six additional consecutive one year renewal periods. The District has elected to exercise these annual options to continue the lease. The monthly rental rate for the extension period ended February 1, 2007 was $2,300. On February 1, 2007, an addendum for additional space was entered into for an additional $480 per month, or $2,780 for the period February 1, 2007 through January 31, 2008. The monthly rental rate for the current extension (including the original varying option and the addendum for additional space) is $2,878 per month. This rate will continue through the ammended extension period ending January 31, 2009. Rental expense charged to income for the years ended June 30, 2008 and 2007 was $33,850 and $30,000, respectively.

The District also entered into an operating lease for shop facilities on August 1, 2003. Rental payments under the lease agreement are $2,500 per month. The original lease term expired July 31, 2005. The lease automatically becomes a month-to-month rental agreement at the same amount at expiration of the original lease term. Rental expense charged to income for the years ended June 30, 2008 and 2007 was $30,000 per year.

ADVANCES FOR CONSTRUCTION - DEVELOPERS

These advances represent the unreimbursed cost of line additions constructed by developers and titled to the District. The District is obligated to reimburse the developers based on the revenue derived from customers connected to the lines. The reimbursements are payable for up to a ten year period from the date of completion of the lines and are based on service connections made during a year. In no case is the reimbursement to the developers to exceed the total cost of the line additions. It is estimated that no advances will mature in the year ended June 30, 2009. Also included in this account is an advance payment received by the District of $52,275 for payment for a line to be installed in the future for a development. This is not expected to be completed during the next fiscal year ending June 30, 2009.

RETIREMENT PLAN

All full-time employees of the District are covered by the WV Public Employees Retirement System, a cost-sharing multi-employer PERS.

All full-time employees are eligible after a probationary period of six months and must participate in the State PERS. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire after reaching the age of 60 and accumulating 5 years of credited service in force. Benefits generally vest in varying degrees once a member attains 5 or more years of credited service in force. Employees who retire at age 60 with 5 or more years of credited service in force are entitled to pension payments for the rest of their lives equal to 2% of their final, three-year average salary times the number of years for which they were employed as a participant in the State PERS.

Pension provisions include deferred allowances whereby an employee may terminate his or her employment with the District after accumulating 5 or more years of credited service in force, but before reaching the age of 60. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to certain pension benefits in accordance with the West Virginia Public Employees Retirement Act. Pension provisions include annuity options to provide benefits to a member's nominated beneficiary if so elected. In addition, disability retirement is provided for members who meet certain requirements as specified in the Act. The District's covered payroll amounted to $2,050,401 and $1,758,896 for the years ended June 30, 2008 and 2007, respectively.

Employees of the District are required to pay 4.5% of their gross earnings to the pension plan. The District was required to make annual contributions to the plan equal to 10.5% of its covered payroll. Total contributions made during the fiscal years ended June 30, 2006 through 2008 amounted to $226,035, $263,834, and $307,560, respectively, of which $67,811, $79,151, and $92,268 was made by employees. The above contributions represent 100% of the required contributions to the plan. The Information regarding the plan is available from the state of West Virginia.

CONSTRUCTION IN PROGRESS

At June 30, 2008, construction in progress consisted of various water upgrade projects and studies.

Project 912 relates to a future water source consisting of a raw water pump station and main. As of June 30, 2008, project's expenditures totaled $155,612. The total project is estimated to cost $1,746,600 upon completion.

Project 932 relates to water system capital improvements, namely the installation of water mains, metering stations and booster pump station. As of June 30, 2008, expenditures totaling $2,570,995 had been incurred on this project, which is expected to cost approximately $3,058,903 upon completion.

CONSTRUCTION IN PROGRESS (Continued)

Project 933 relates to water system capital improvements, namely the construction of an elevated water storage tank. As of June 30, 2008, expenditures totaling $2,655,290 had been incurred on this project, which is expected to cost approximately $2,950,000 upon completion.

Project 935 relates to water system capital improvements, namely emergency power generation facilities. As of June 30, 2008, expenditures totaling $89,994 had been incurred on this project, which is expected to cost approximately $202,950 upon completion.

Project 936 relates to water system capital improvements, namely installation of radio telemetry facilities. As of June 30, 2008, expenditures totaling $131,751, had been incurred on this project, which is expected to cost approximately $742,890 upon completion.

Project 937 relates to water system capital improvements, namely water well exploration. As of June 30, 2008, expenditures totaling $54,708 had been incurred on this project, which is expected to cost approximately $1,063,600 upon completion.

Project 938 relates to water system capital improvements, namely a raw water source. As of June 30, 2008, expenditures totaling $30,764 had been incurred on this project, which is expected to cost approximately $102,600 upon completion.

Project 942 relates to water system capital improvements, namely a 30" water transmission main. As of June 30, 2008, expenditures totaling $1,145,409 had been incurred on this project, which is expected to cost approximately $4,156,285 upon completion.

Project 943 relates to water system capital improvements, namely a new raw water river intake and pumping station. As of June 30, 2008, expenditures totaling $5,726,259 had been incurred on this project, which is expected to cost approximately $7,250,000 upon completion.

Project 944 relates to water system capital improvements, namely the upgrade and expansion of a water treatment plant. As of June 30, 2008, expenditures totaling $13,754,145 had been incurred on this project, which is expected to cost approximately $17,465,000 upon completion.

Project 945 relates to water system capital improvements, namely a raw water source. As of June 30, 2008, expenditures totaling $32,966 had been incurred on this project, which is expected to cost approximately $151,900 upon completion.

Project 948 relates to water system capital improvements, namely easement acquisition for a water transmission main. As of June 30, 2008, expenditures totaling $11,208 had been incurred on this project, which is expected to cost approximately $111,000 upon completion.

Project 949 relates to water system capital improvements, namely a water audit of the northern water distribution system. As of June 30, 2008, expenditures totaling $91,611 had been incurred on this project, which is expected to cost approximately $149,113 upon completion.

Project 950 relates to water system capital improvements, namely the construction of an elevated water storage tank and water main. As of June 30, 2008, expenditures totaling $67,408 had been incurred on this project, which is expected to cost approximately $2,560,000 upon completion.

CONSTRUCTION IN PROGRESS (Continued)

Project 951 relates to water system capital improvements, namely the installation of water transmission mains. As of June 30, 2008, expenditures totaling $223,280 had been incurred on this project, which is expected to cost approximately $18,600,000 upon completion.

Project 952 relates to water system capital improvements, namely construction of a well field water treatment facility. As of June 30, 2008, expenditures totaling $22,470 had been incurred on this project, which is expected to cost approximately $1,036,000 upon completion.

Project 953 relates to water system capital improvements, namely the installation of security fencing. As of June 30, 2008, expenditures totaling $19,772 had been incurred on this project, which is expected to cost approximately $65,213 upon completion.

Project 954 relates to water system capital improvements, namely the reimbursement to developers to upsize the installation of water mains. As of June 30, 2008, expenditures totaling $26,861 had been incurred on this project, which is expected to cost approximately $425,000 upon completion.

MAINLINE EXTENSIONS

Included in the accompanying statements of revenues, expenses, and changes in net assets are capital contributions, which represent management's estimate of the value of mainline extensions contributed to the District by developers. Mainline extensions constructed by developers are titled to the District upon their completion. Their estimated costs and offsetting capital contributions are recorded in the District's books and totaled $4,704,514 and $3,938,366 for the years ended June 30, 2008 and 2007, respectively. Total capital contributions in the income statement consist of the following:

	2008	2007
Mainline extensions, hydrants, and services	$ 4,704,514	$ 3,938,366
Service connection fees	24,125	51,500
Capacity improvement fees	1,766,871	1,176,426
Total capital contributions	$ 6,495,510	$ 5,166,292

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash and cash equivalents consist of the following at June 30, 2008 and 2007

	2008	2007
Operation and maintenance	$ (51,125)	$ 4,041
Revenue fund	1,470,914	1,386,870
Debt service funds	1,826,961	1,521,030
Debt service reserve funds	3,518,616	3,529,756
Construction fund	16,287,516	25,207,995
Renewal and replacement fund	733,701	550,581
Security deposit funds	69,560	63,846
Capacity improvement fees	306,505	2,786,486
Total	$ 24,162,648	$ 35,050,605

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION (Continued)

The change in cash and cash equivalents by unrestricted and restricted designations consists of the following at June 30, 2008:

	Unrestricted	Restricted	Total
June 30, 2007	$ 1,390,911	$ 33,659,694	$ 35,050,605
June 30, 2008	$ 1,419,789	$ 22,742,858	$ 24,162,647
Increase (decrease) in cash and cash equivalents	$ 28,878	$ (10,916,836)	$ (10,887,958)

COMMITMENT

The District is in the process of issuing approximately $8 million of revenue bonds in order to finance approximately $8 million of water transmission main construction projects. Bank qualified revenue bonds are expected to close in early 2009.

CAPACITY IMPROVEMENT FEE RATE INCREASE

On August 15, 2007, the Public Service Commission of WV approved case no. 07-0167-PWD-T which approved a rate increase in those fees. This increase went into effect immediately.

SUPPLEMENTAL INFORMATION

Berkeley County Public Service Water District

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2008

	Budgeted Amounts (Original)		Budgeted Amounts (Final)		Actual Amounts Budgetary Basis		Budget to GAAP Differences Over (under)		Actual Amounts GAAP Basis
OPERATING REVENUES									
Metered water sales - domestic	$ 6,575,000		$ 6,575,000		$ 6,457,730		$ -		$ 6,457,730
- commercial	1,686,000		1,686,000		1,653,920		-		1,653,920
- industrial	688,000		688,000		704,188		-		704,188
- governmental	119,000		119,000		137,176		-		137,176
Customers' forfeited discounts and penalties	166,600		166,600		188,476		-		188,476
Other operating income	527,700		527,700		530,211		-		530,211
Refunds and reimbursements	389,200		389,200		394,167	(F)	(394,167)		-
Total operating revenues	10,151,500		10,151,500		10,065,868		(394,167)		9,671,701
OPERATING EXPENSES	5,274,000		5,274,000		5,159,441		-		5,159,441
Operating income before depreciation	4,877,500		4,877,500		4,906,427		(394,167)		4,512,260
DEPRECIATION	-	(A)	-		-		2,441,160		2,441,160
Operating income	4,877,500		4,877,500		4,906,427		(2,835,327)		2,071,100
NON-OPERATING INCOME (EXPENSE)									
Interest income	187,000		187,000		254,175	(G)	1,186,469		1,440,644
Interest expense	-	(B)	-		-		(2,677,605)		(2,677,605)
Amortization	-	(A)	-		-		(112,592)		(112,592)
Gain on disposal of utility plant	-	(A)	-		-		(11,261)		(11,261)
Total non-operating income (expenses)	187,000		187,000		254,175		(1,614,989)		(1,360,814)
Increase in net assets before capital contributions	5,064,500		5,064,500		5,160,602		(4,450,316)		710,286
CAPITAL CONTRIBUTIONS	970,000	(H)	970,000		1,766,871		4,728,640		6,495,511
OTHER FINANCING SOURCES (USES)									
Renewal and replacement funds	422,275	(C)	422,275		272,770	(F)	(272,770)		-
Debt service	(4,320,500)	(D)	(4,320,500)		(4,388,684)	(F)	4,388,684		-
Capital improvements	(2,136,275)	(E)	(2,136,275)		(3,362,497)	(F)	3,362,497		-
Total other financing sources (uses)	(6,034,500)		(6,034,500)		(7,478,411)		7,478,411		-
Increase in net assets	-		-		(550,938)		7,756,735		7,205,797
Net assets at beginning of year	46,817,797		46,817,797		46,817,797		-		46,817,797
Net assets at end of year	$ 46,817,797		$ 46,817,797		$ 46,266,859		$ 7,756,735		$ 54,023,594

NOTES

(A) Non-cash items are not included for budgetary purposes.

(B) Interest expense is included in Debt Service for budgetary purposes.

(C) Tank maintenance fund transfers are also included for budgetary purposes.

(D) Includes principal, interest, and funding of debt service and reserve funds. Also includes other debt payments, renewal and replacement funding, tank maintenance funding and developer refunds.

(E) Amounts exclusive of improvements financed with bond proceeds which were not included for budgetary purposes.

(F) Balance sheet transactions are excluded from revenues and expenses under GAAP.

(G) Interest earned on debt service funds or other restricted assets are not included for budgetary purposes.

(H) Capacity improvements fees only.

See independent auditors' report.

Berkeley County Public Service Water District

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2007

	Budgeted Amounts (Original)		Budgeted Amounts (Final)		Actual Amounts Budgetary Basis		Budget to GAAP Differences Over (under)		Actual Amounts GAAP Basis
OPERATING REVENUES									
Metered water sales - domestic	$ 5,934,000		$ 5,934,000		$ 6,331,934		$ -		$ 6,331,934
- commercial	1,629,000		1,629,000		1,708,777		-		1,708,777
- industrial	524,000		524,000		630,411		-		630,411
- governmental	129,200		129,200		116,042		-		116,042
Customers' forfeited discounts and penalties	130,800		130,800		165,733		-		165,733
Other operating income	560,900		560,900		558,016		-		558,016
Refunds and reimbursements	45,500		45,500		772,554	(F)	(772,554)		-
Total operating revenues	8,953,400		8,953,400		10,283,467		(772,554)		9,510,913
OPERATING EXPENSES	4,684,800		4,684,800		4,868,400		-		4,868,400
Operating income before depreciation	4,268,600		4,268,600		5,415,067		(772,554)		4,642,513
DEPRECIATION	-	(A)	-		-		2,218,175		2,218,175
Operating income	4,268,600		4,268,600		5,415,067		(2,990,729)		2,424,338
NON-OPERATING INCOME (EXPENSE)									
Interest income	115,500		115,500		65,658	(G)	928,508		994,166
Interest expense	-	(B)	-		-		(1,956,544)		(1,956,544)
Amortization	-	(A)	-		-		(64,206)		(64,206)
Loss on disposal of utility plant	-	(A)	-		-		5,373		5,373
Total non-operating income (expenses)	115,500		115,500		65,658		(1,086,869)		(1,021,211)
Increase in net assets before capital contributions	4,384,100		4,384,100		5,480,725		(4,077,598)		1,403,127
CAPITAL CONTRIBUTIONS	2,400,000	(H)	2,400,000		1,176,426		3,989,866		5,166,292
OTHER FINANCING SOURCES (USES)									
Renewal and replacement funds	804,100	(C)	804,100		735,601	(F)	(735,601)		-
Debt service	(3,169,600)	(D)	(3,169,600)		(3,681,683)	(F)	3,681,683		-
Capital improvements	(4,418,600)	(E)	(4,418,600)		(2,810,521)	(F)	2,810,521		-
Total other financing sources (uses)	(6,784,100)		(6,784,100)		(5,756,603)		5,756,603		-
Increase in net assets	-		-		900,548		5,668,871		6,569,419
Net assets at beginning of year	40,248,378		40,248,378		40,248,378		-		40,248,378
Net assets at end of year	$ 40,248,378		$ 40,248,378		$ 41,148,926		$ 5,668,871		$ 46,817,797

NOTES

(A) Non-cash items are not included for budgetary purposes.

(B) Interest expense is included in Debt Service for budgetary purposes.

(C) Tank maintenance fund transfers and Capacity improvement fee interest transfers are included for budgetary purposes.

(D) Includes principal, interest, and funding of debt service and reserve funds. Also includes other debt payments, renewal and replacement funding, tank maintenance funding, developer refunds, and capacity improvement fee fund.

(E) Amounts exclusive of improvements financed with bond proceeds which were not included for budgetary purposes.

(F) Balance sheet transactions are excluded from revenues and expenses under GAAP.

(G) Interest earned on debt service funds or other restricted assets are not included for budgetary purposes.

(H) Capacity improvements fees only.

See independent auditors' report.

Berkeley County Public Service Water District

SCHEDULES OF OPERATING EXPENSES

For the years ended June 30, 2008 and 2007

	2008	2007
Source of supply expenses		
Maintenance of sources of supply	$ 43,803	$ 38,147
Operation supervision and labor	9,302	27,048
Water purchased	426,853	561,560
Miscellaneous expenses	77,236	74,963
Rents	1,560	1,560
Total	558,754	703,278
Pumping system expenses		
Power purchased	268,435	266,944
Labor and expenses	249,662	224,385
Miscellaneous expenses	-	2,074
Maintenance of pumping system	466	3
Total	518,563	493,406
Treatment expenses		
Operation supervision and labor	241,007	194,508
Chemical treatment	136,288	120,229
Miscellaneous expenses	86,242	65,289
Maintenance of treatment system	31,328	36,835
Total	494,865	416,861
Transmission and distribution expenses		
Miscellaneous expenses	7,531	12,513
Maintenance of distribution mains	926,923	881,671
Rent - building and equipment	30,000	30,026
Rent - railroad right of way	2,825	2,602
Total	967,279	926,812
Customers' accounting and collection expenses		
Meter reading	36,776	62,323
Accounting and collection	359,379	300,557
Total	396,155	362,880
General and administrative expenses		
Salaries and wages	530,035	492,185
Office and general supplies	30,107	28,880
Outside services	156,872	118,427
Employee welfare	834,270	710,951
Regulatory commission expense	33,136	29,184
Insurance	130,913	128,318
Miscellaneous expenses	278,811	231,314
Maintenance of equipment	63,382	76,433
Payroll taxes	166,299	149,471
Total	2,223,825	1,965,162
Total operating expenses	$ 5,159,441	$ 4,868,400

See independent auditors' report.

201 E. Burke Street
Martinsburg, WV 25401
Phone 304.263.0891
Toll Free 877.242.7278
Fax 304.263.0997

CoxHollidaPrice LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Members of the Public Service Board
Berkeley County Public Service Water District

We have audited the accompanying financial statements of the business-type activities of the Berkeley County Public Service Water District ("District") as of and for the years ended June 30, 2008 and 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the District in a separate letter dated October 21, 2008.

This report is intended solely for the information and use of the District and its various regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

CoxHollidaPrice LLP

October 21, 2008

Appendix C

CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") dated as of February ___, 2009, by and between Berkeley County Public Service District (the "District") and Ross, Sinclaire & Associates, LLC (the "Purchaser") in connection with the $_____ Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Bonds"), issued pursuant to the Bond Resolution adopted by the District on January 12, 2009, and the Supplemental Resolution adopted January 12, 2009 (collectively, the "Resolution"). Capitalized terms used in this Agreement shall have the respective meanings specified in the Resolution or in Article IV hereof. The parties agree as follows:

ARTICLE I

The Undertaking

Section 1.1. Purpose. This Agreement shall constitute a written undertaking for the benefit of the holders of the Bonds, and is being executed and delivered solely to assist the Purchaser in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The District shall provide Annual Financial Information with respect to each fiscal year of the District, commencing with the fiscal year ending June 30, 2009, by no later than 180 days after the end of the respective fiscal year, to each NRMSIR and the SID.

(b) The District shall provide, in a timely manner, notice of any failure of the District to provide the Annual Financial Information by the date specified in subsection (a) above to (i) either the MSRB or each NRMSIR, and (ii) the SID.

Section 1.3. Material Event Notices. (a) If a Material Event occurs, the District shall provide, in a timely manner, notice of each Material Event to (i) either the MSRB or each NRMSIR, (ii) the SID, and (iii) the Purchaser.

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption, provided notices shall not be sent for mandatory sinking fund redemptions as set forth in the Official Statement.

Section 1.4. Additional Disclosure Obligations. The District acknowledges and understands that other State and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the District and that, under some circumstances, additional disclosures or other action in addition to those required by this Agreement may be required to enable the District to fully discharge all of its duties and obligations under such laws.

Section 1.5. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any

Annual Financial Information or notice of Material Event hereunder, in addition to that which is required by this

Agreement. If the District chooses to do so, the District shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Material Event hereunder.

Section 1.6. No Previous Non-Compliance. The District represents that since July 3, 1995, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement, as entered into by the District, as issuer, specified in paragraph (b)(5)(i) of the Rule.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Documents. It shall be sufficient for purposes of this Agreement if the District provides Annual Financial Information by specific reference to documents (i) either (1) provided to each NRMSIR existing at the time of such reference and the SID or (2) filed with the SEC, or (ii) if such document is an Official Statement, available from the MSRB.

Section 2.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 2.3. Transmission of Information and Notices. Unless otherwise required by law, the District shall employ such methods of information and notice transmission as it shall so determine.

Section 2.4. Fiscal Year. The District's current fiscal year is the twelve-month period ending on June 30. The District shall promptly notify (i) each NRMSIR, (ii) the SID and (iii) the Purchaser of each change in its fiscal year.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The District's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the District (1) delivers to the Purchaser an opinion of counsel, addressed to the District and the Purchaser, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to each NRMSIR and the SID.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the District or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the District shall have delivered to the Purchaser an opinion of counsel, addressed to the District and the Purchaser, to the same effect as set forth in clause (2) above, (4) the District shall have delivered to the Purchaser an opinion of Counsel or a determination by a person, in each case unaffiliated with the District (such as bond counsel or the Purchaser) and acceptable to the District, addressed to the District and the Purchaser, to the effect that the amendment does not materially impair the interests of the holders of the Bonds, and (5) the District shall have delivered copies of such opinion(s) and amendment to each NRMSIR and the SID.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the District shall have delivered to the Purchaser an opinion of counsel, addressed to the District and the Purchaser, to the effect that performance by the District and Purchaser under this Agreement as so amended will not result in a violation of the Rule and (3) the District shall have delivered copies of such opinion and amendment to each NRMSIR and the SID.

(c) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the District in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall provide written explanation of such change or changes.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement and shall be deemed to be holders of Bonds for purposes of Section 3.3(b) hereof. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a).

(b) The obligations of the District to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide Annual Financial Information and Material Event notices, by any holder of Outstanding bonds, or by the Purchaser on behalf of the holders of Outstanding bonds, or (ii), in the case of challenges to the adequacy of the Annual Financial Information so provided, by the Purchaser on behalf of the holders of Outstanding Bonds; provided, however, that the Purchaser shall not be required to take any enforcement action except at the direction of the holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Purchaser with adequate security and indemnity. The holders' and Purchaser' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in

mandamus or for specific performance, to compel performance of the District's obligations under this Agreement.

(c) Any failure by the District or the Purchaser to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following items used in this Agreement shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) the District's Annual Financial Report (or any successive document which sets forth comprehensive information relating to the financial position of the District), (ii) operating information similar to that set forth in the Official Statement subsection "The System", and (iii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(c) and (d) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the District, audited by such auditor as shall then be required or permitted by State law. Audited Financial Statements shall be prepared in accordance with GAAP.

(3) "Counsel" means Steptoe & Johnson PLLC, Charleston, West Virginia, or other nationally recognized bond counsel or counsel expert in federal securities law.

(4) "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(5) "Material Event" means any of the following events with respect to the Bonds, whether relating to the District or otherwise, if material:

(i)principal and interest payment delinquencies;
(ii)non-payment related defaults;
(iii)unscheduled draws on debt service reserves reflecting financial difficulties;
(iv)unscheduled draws on credit enhancements reflecting financial difficulties;
(v)substitution of credit or liquidity providers, or their failure to perform;
(vi)adverse tax opinions or events affecting the tax-exempt status of the security;

(vii)modifications to rights of security holders;
(viii)bond calls;
(ix)defeasances;
(x)release, substitution, or sale of property securing repayment of the securities; and
(xi)rating changes.

(6) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

(7) "NRMSIR" means, at any time, a then-existing nationally recognized municipal securities information repository, as recognized from time to time by the SEC for the purposes referred to in the Rule. The NRMSIRs as of the date of this Agreement and filing information relating to such NRMSIRs are set forth in Exhibit A hereto.

(8) "Official Statement" means "final official statement," as defined in paragraph f(3) of the Rule.

(9) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, § 240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(10) "SEC" means the United States Securities and Exchange Commission.

(11) "SID" means, at any time, a then-existing State information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the rule. As of the date of this Agreement, there is no SID.

(12) "State" means the State of West Virginia.

(13) "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

ARTICLE V

Miscellaneous

Section 5.1. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.2. Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof or thereof, or the Bonds, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____
Its: Senior Vice President

EXHIBIT A
to Continuing Disclosure Agreement

Filing information relating to the Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission (subject to change):

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: 609.279.3225
Fax: 609.279.5962
http://www.bloomberg.com/markets/rates/municontracts.html
Email: Munis@Bloomberg.com

DPC Data, Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: 201.346.0701
Fax: 201.947.0107
http://www.dpcdata.com
E-mail: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 Williams Street, 15th Floor
New York, NY 10038
Phone: 212.771.6999; 800-689-8466
Fax: 212.771.7390
http://www.ftid.com
Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, NY 10041
Phone: 212.438.4595
Fax: 212.438.3975
www.disclosuredirectory.standardandpoors.com/
Email: nrmsir_repository@sandp.com

Appendix D

FORM OF BOND COUNSEL OPINION

[Letterhead of Steptoe & Johnson PLLC]
(Form of Bond Counsel Opinion)

February 17, 2009

Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2009 (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

Financial Security Assurance Inc.
New York, New York

Ross, Sinclaire & Associates, LLC
Frankfort, Kentucky

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Berkeley County Public Service District (West Virginia) (the "Issuer") of its $7,510,000 in aggregate principal amount Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Series 2009 Bonds").

The Series 2009 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on January 12, 2009, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on January 12, 2009 (collectively, the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2009 Bonds are issued in fully registered form, are dated February 17, 2009, upon original issuance, mature on December 1 in years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2009, as follows:

Bond No.	Maturity Date or Sinking Fund (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.
R-1	2010	$280,000	2.000%	2.000%	084246FM4
R-2	2011	$290,000	2.200%	2.200%	084246 FN2
R-3	2012	$295,000	2.400%	2.400%	084246 FP7
R-4	2013	$250,000	2.600%	2.600%	084246 FQ5

R-5	2014	$255,000	2.800%	2.800%	084246 FR3
R-6	2015	$265,000	2.800%	2.900%	084246 FS1
R-7	2016	$270,000	3.000%	3.100%	084246 FT9
R-8	2017	$660,000	3.000%	3.150%	084246 FU6
R-9	2018	$680,000	3.200%	3.300%	084246 FV4
R-10	2021	$610,000	4.000%	4.100%	084246 FW2
R-11	2023	$455,000	4.125%	4.250%	084246 FX0
R-12	2025	$495,000	4.250%	4.400%	084246 FY8
R-13	2026	$865,000	4.375%	4.450%	084246 FZ5
R-14	2027	$900,000	4.400%	4.500%	084246 GA9
R-15	2028	$940,000	4.400%	4.550%	084246 GB7

The Series 2009 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices set forth in the Resolution.

The Series 2009 Bonds are issued for the purposes of (i) paying the costs of design, acquisition and construction of certain additions, betterments and improvements to the System; (ii) funding the reserve account for the Series 2009 Bonds; (iii) capitalizing a portion of the interest due on the Series 2009 Bonds to June 1, 2009; and (iv) paying the costs of issuance of the Series 2009 Bonds and other costs in connection with such refunding.

The Series 2009 Bonds have been sold to Ross, Sinclaire & Associates, LLC (the "Purchaser"), pursuant to a Bond Purchase Agreement dated February 4, 2009, and accepted by the Issuer (the "Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2009 Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2009 Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement and the Continuing Disclosure Agreement and has issued and delivered the Series 2009 Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement and the Continuing Disclosure Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2009 Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2009 Bonds (including original issue discount properly allocable to owners of the Series 2009 Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2009 Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Series 2009 Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2009 Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2009 Bonds set forth in the Resolution, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2009 Bonds to be includable in gross income retroactive to the date of issuance of the Series 2009 Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2009 Bonds except as expressly set forth in paragraph 5.

5. Under the Act, the Series 2009 Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2009 Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Series 2009 Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2008 Bonds, to register any securities under said Securities Acts.

7. The Series 2009 Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, (ii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, (iii) Water Revenue Bonds, Series 1996, dated August 6, 1996, (iv) Water Revenue Bonds, Series 1997, dated June 25, 1997, (v) Water Revenue Bonds, Series 2001 A, dated October 25, 2001, (vi) Water Refunding Revenue Bonds, Series 2003 A (Bank Qualified), dated April 30, 2003, (vii) Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified), dated April 30, 2003, (viii) Water Revenue Bonds, Series 2003 C, dated May 15, 2003, (ix) Water Revenue Bonds, Series 2004 (Bank Qualified), dated December 30, 2004, (x) Water Revenue Bonds, Series 2006 (Bank Qualified), dated December 28, 2006, (xi) Water Revenue Bonds, Series 2007 (Non-Bank Qualified), and (xii) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 (collectively, the "First Lien Bonds"), and senior and prior to the Issuer's Water Revenue Bonds, Series 1993 C, dated March 8, 1993 (the "Second Lien Bonds"), all in accordance with the terms of the Series 2008 Bonds and the Resolution.

8. The Issuer has designated the Series 2009 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institutions' interest expense allocable to interest on the Series 2009 Bonds.

It is to be understood that the rights of the holders of the Series 2009 Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2009 Bonds, the Resolution, the Continuing Disclosure Agreement and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. R-1 through R-15 of said issue, and in our opinion, said Series 2009 Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

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Appendix E

FORM OF THE RESOLUTION

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $10,000,000, THE PROCEEDS OF WHICH SHALL BE EXPENDED TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS AND IMPROVEMENTS TO THE DISTRICT'S EXISTING WATERWORKS TREATMENT AND DISTRIBUTION SYSTEM AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

WHEREAS, pursuant to the Orders of the Public Service Commission of West Virginia (the "PSC") dated December 28, 2000 and April 26, 2001, in Case No. 00-0893-PWD-PC and the Resolution of The County Commission of Berkeley County (the "Berkeley Commission") dated June 28, 2001, the PSC and the Berkeley Commission approved the merger of Hedgesville Public Service District ("Hedgesville") and Opequon Public Service District ("Opequon") into the District and the dissolution of Hedgesville and Opequon and the System now includes the assets and customers of the Hedgesville and Opequon systems;

WHEREAS, under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to issue revenue bonds for the purpose of financing the acquisition and construction of additions and improvements to the System;

WHEREAS, there are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon which are designated and have the lien positions with respect to the Net Revenues of the waterworks system of the Issuer as follows:

Designation	Lien Position on Net Revenues
(1) Water Revenue Bonds, Series 1993 B (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 A) (the "Series 1993 B Bonds"), dated March 8, 1993, and issued in the aggregate principal amount of $528,871;	First Lien
(2) Water Revenue Bonds, Series 1993 C (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1993 B) (the "Series 1993 C Bonds"), dated March 8, 1993, and issued in the aggregate principal amount of $17,629;	Second Lien
(3) Water Revenue Bonds, Series 1993 D (formerly Opequon Public Service District Water Revenue Bonds, Series 1993) (the "Series 1993 D Bonds"), dated July 29, 1993, and issued in the aggregate principal amount of $10,257,957;	First Lien
(4) Water Revenue Bonds, Series 1996 (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1996) (the "Series 1996 Bonds"), dated August 6, 1996, and issued in the aggregate principal amount of $677,158;	First Lien
(5) Water Revenue Bonds, Series 1997 (formerly Opequon Public Service District Water Revenue Bonds, Series 1997) (the "Series 1997 Bonds"), dated June 25, 1997, and issued in the aggregate principal amount of $3,339,090;	First Lien
(6) Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority) (the "Series 2001 A Bonds"), dated October 25, 2001, and issued in the aggregate principal amount of $2,010,000;	First Lien
(7) Water Refunding Revenue Bonds, Series 2003 A (Bank Qualified) (the "Series 2003 A Bonds"), dated April 1, 2003, and issued in the aggregate principal amount of $1,330,000;	First Lien
(8) Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified) (the "Series 2003 B Bonds"), dated April 1, 2003, and issued in the aggregate principal amount of $2,030,000;	First Lien
(9) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority) (the "Series 2003 C Bonds"), dated May 15, 2003, and issued in the aggregate principal amount of $2,430,000;	First Lien
(10) Water Revenue Bonds, Series 2004 (Bank Qualified) (the "Series 2004 Bonds"), dated December 30, 2004, and issued in the aggregate principal amount of $10,000,000;	First Lien
(11) Water Revenue Bonds, Series 2006 (Bank Qualified) (the "Series 2006 Bonds"), dated December 28, 2006, and issued in the aggregate principal amount of $10,000,000;	First Lien
(12) Water Revenue Bonds, Series 2007 (Non-Bank Qualified) (the "Series 2007 Bonds), dated December 21, 2007, and issued in the aggregate principal amount of not more than $2,300,000; and	First Lien
(13) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008, and issued in the aggregate principal amount of not more than $9,500,000.	First Lien

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds and the Series 2008 Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds. The First Lien Bonds and Second Lien Bonds are collectively sometimes hereinafter collectively referred to as the "Prior Bonds."

There are outstanding obligations of the Issuer which are designated and have lien position with respect to the Capacity Improvement Fee of the Issuer's System as follows: Bond Anticipation Notes, Series 2007, dated February 8, 2007, issued in the original aggregate principal amount of $20,000,000 (the "Series 2007 Notes"). The Series 2007 Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the Issuer's System, the proceeds of the bonds to be subsequently issued by the Issuer to permanently finance the project financed by the Series 2007 Notes and Surplus Revenues of the System and are not secured by the Net Revenues of the System.

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of Berkeley County that its Series 2009 Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2009 Bonds.

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

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2009 Bonds, shall mean the Bond Insurer, if any, designated in the Supplemental Resolution.

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

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

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

"Bonds" means, collectively, the Series 2009 Bonds, the First Lien Bonds and the Second Lien Bonds, and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Capacity Improvement Fees" means the Capacity Improvement Fees of the District authorized by the Public Service Commission of West Virginia, as may be modified from time to time, which are not included in the Gross Revenues of the System.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2009 Bonds in substantially the form set forth in EXHIBIT A - SERIES 2009 BOND FORM, attached hereto.

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

"Closing Date" means the date upon which there is an exchange of the Series 2009 Bonds for the proceeds representing the original purchase prices thereof.

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

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

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

"Costs" or similar terms mean those costs described in Section 1.03 hereof to be a part of the costs of acquisition and construction of the Project.

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

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

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

"DTC-eligible" means, with respect to the Series 2009 Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

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

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

"Financial Guaranty Insurance Policy" means the financial guaranty insurance policy, if any, issued by a Bond Insurer simultaneously with the delivery of the Series 2009 Bonds, insuring the payment of the principal of and interest on all or any of the Series 2009 Bonds in accordance with the terms thereof.

"First Lien Bonds" means, collectively, the Series 1993 B Bonds, Series 1993 D Bonds, Series 1996 Bonds, Series 1997 Bonds, Series 2001 A Bonds, Series 2003 A Bonds, Series 2003 B Bonds, Series 2003 C Bonds, Series 2004 Bonds, Series 2006 Bonds, Series 2007 Bonds and the Series 2008 Bonds.

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

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

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

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

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

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

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"Net Proceeds" means the face amount of the Series 2009 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2009 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2009 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds of the Series 2009 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2009 Bonds.

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

"Original Purchaser" means Ross, Sinclaire & Associates, LLC, Frankfort, Kentucky, as the purchaser of the Series 2009 Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2009 Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2009 Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2009 Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2009 Bonds.

"Outstanding," when used with reference to the Series 2009 Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid

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principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as a Bond Insurer has been reimbursed in full.

"Paying Agent," initially, the West Virginia Municipal Bond Commission and any other paying agent or other entity designated as such for the Series 2009 Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1993 B Bonds, the Series 1993 C Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, and the Series 2008 Bonds as herein defined.

"Prior Notes" means the Series 2007 Notes as herein defined.

"Prior Resolutions" means the bond resolutions as supplemented, of the Issuer or the bond resolutions of Hedgesville and Opequon assumed by merger, authorizing the Prior Bonds.

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

"Purchase Price," for the purpose of computation of the Yield of the Series 2009 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2009 Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2009 Bonds of each maturity is sold or, if the Series 2009 Bonds are privately placed, the price paid by the first buyer of the Series 2009 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2009 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2009 Bonds.

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"Record Date" means the day of the month which shall be so stated in the Series 2009 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2009 Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

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

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

"Reserve Accounts" means the respective Reserve Accounts established for the Series 2009 Bonds and the Prior Bonds.

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

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

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

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

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

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

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

"Series 1996 Bonds" means the Water Revenue Bonds, Series 1996 (formerly Hedgesville Public Service District Water Revenue Bonds, Series 1996), as described above.

"Series 1997 Bonds" means the Water Revenue Bonds, Series 1997 (formerly Opequon Public Service District Water Revenue Bonds, Series 1997), as described above.

"Series 2001 A Bonds" means the Water Revenue Bonds, Series 2001 A (West Virginia Water Development Authority), as described above.

"Series 2003 A Bonds" means the Water Refunding Revenue Bonds, Series 2003 A (Bank-Qualified), as described above.

"Series 2003 B Bonds" means the Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified), as described above.

"Series 2003 C Bonds" means the Water Revenue Bonds, Series 2003 C, as described above.

"Series 2004 Bonds" means the Water Revenue Bonds, Series 2004, as described above.

"Series 2006 Bonds" means the Water Revenue Bonds, Series 2006, as described above.

"Series 2007 Bonds" means the Water Revenue Bonds, Series 2007, as described above.

"Series 2007 Notes" means the Bond Anticipation Notes, Series 2007, as described above.

"Series 2008 Bonds" means the Water Revenue Bonds, Series 2008, as described above.

"Series 2009 Bonds" means the Water Revenue Bonds, Series 2009 (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2009 Bonds Construction Fund" means the Series 2009 Bonds Construction Fund created by Section 4.02 hereof.

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"Series 2009 Bonds Redemption Account" means the Series 2009 Bonds Redemption Account created by Section 4.02 hereof.

"Series 2009 Bonds Reserve Account" means the Series 2009 Bonds Reserve Account created by Section 4.02 hereof.

"Series 2009 Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2009 Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2009 Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2009 Bonds.

"Series 2009 Bonds Sinking Fund" means the Series 2009 Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2009 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following adoption of this Resolution, setting forth the final amounts, maturities, interest rates and other terms of the Series 2009 Bonds and authorizing the sale of the Series 2009 Bonds to the Original Purchaser and setting forth provisions specific to the Bond Insurer, if any; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

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

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

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

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

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

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

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

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

A. The Issuer is a public corporation and public service district of the State of West Virginia in Berkeley County of said State.

B. The Issuer presently owns and operates a public waterworks treatment and distribution system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the System, consisting of a 24-inch water main from Auto Parts Road to the Cumbo Yard storage tank, a 24-inch water main from Mid-Atlantic Parkway to the Duke Street storage tank and a 12-inch water main on Goldmiller Road from Mish Road to Gerrardstown Road, and all appurtenant facilities, as well as design of future additions, betterments and improvements to the System (collectively, the "Project") (the existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2009 (Bank Qualified), in the total aggregate principal amount of not more than $10,000,000 to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2009 Bonds prior

to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2009 Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2009 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

D. The period of usefulness of the System after completion of the Project is not less than 30 years.

E. It is in the best interests of the Issuer that the Series 2009 Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement or bond purchase agreements to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. The Series 2009 Bonds shall be issued on a parity with one another and 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 requirements for issuance of parity bonds set forth in the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2009 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds have been met; and (ii) where necessary, the written consent of the Holders of the First Lien Bonds and the Second Lien Bonds to the issuance of the Series 2009 Bonds on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

G. The Series 2009 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth in EXHIBIT A - Series 2009 BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

H. All things necessary to make the Series 2009 Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2009 Bonds, will be timely done and duly performed.

I. The adoption of this Resolution, and the execution and issuance of the Series 2009 Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2009 Bonds by those who shall own or hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of such Bondholders of any and all of such Series 2009 Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01. Authorization of Acquisition and Construction of Project. There is hereby authorized and ordered the acquisition and construction of the Project at an estimated cost of not more than $10,000,000. The proceeds of the Series 2009 Bonds hereby authorized shall be applied as provided herein.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Bonds issued pursuant to this Resolution after the issuance of the Series 2009 Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Bonds shall be dated as of the date provided in a Supplemental Resolution. The Series 2009 Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2009 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2009 Bonds shall be in default, Bonds issued in exchange for Series 2009 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2009 Bonds surrendered.

The principal of and the premium, if any, on the Series 2009 Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2009 Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $500,000 or more of the Series 2009 Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2009 Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Bond in the principal amount of said Series 2009 Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2009 Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2009 Bonds shall cease to be such officer of the Issuer before the Series 2009 Bonds so signed and sealed have been actually sold and delivered, such Series 2009 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2009 Bonds had not ceased to hold such office. Any Series 2009 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Series 2009 Bonds shall hold the proper office in the Issuer, although at the date of such Series 2009 Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2009 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Series 2009 Bond, substantially in the form set forth in EXHIBIT A - Series 2009 BOND FORM attached hereto and incorporated herein by reference, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2009 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Series 2009 Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2009 Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2009 Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Series 2009 Bonds, shall be conclusively deemed to have agreed that such Series 2009 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2009 Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2009 Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2009 Bonds. Series 2009 Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2009 Bond, there shall be issued at the option of the Holder or the transferee another Series 2009 Bond of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Series 2009 Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2009 Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Series 2009 Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2009 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2009 Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2009 Bonds, the initial exchange of Series 2009 Bonds and exchanges of Series 2009 Bonds in the event of partial redemption of fully registered Series 2009 Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2009 Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2009 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Series 2009 Bond of like series, maturity and principal amount as the Series 2009 Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Series 2009 Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Series 2009 Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2009 Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Series 2009 Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Series 2009 Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2009 Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Series 2009 Bonds be at any time found by any one, and such duplicate Series 2009 Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

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

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2009 Bonds Redemption Account in accordance with Subsection 4.03A(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of

the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to the Series 2009 Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2009 Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2009 Bonds Sinking Fund, as will exhaust as nearly as practicable such Series 2009 Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2009 Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Bond Insurer, the Original Purchaser and the registered owner of the Series 2009 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2009 Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2009 Bonds shall also be sent to registered securities depositories.

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

(1) The Redemption Date;

(2) The Redemption Price;

(3) If less than all outstanding Series 2009 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2009 Bonds, as appropriate, to be redeemed;

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Series 2009 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(5) The place where such Series 2009 Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar; and

(6) Such other information, if any, as shall be required for DTC-eligible Series 2009 Bonds.

If funds sufficient to redeem all Series 2009 Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2009 Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2009 Bonds or portions of Series 2009 Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2009 Bonds or portions of Series 2009 Bonds shall cease to bear interest. Upon surrender of

such Series 2009 Bonds for redemption in accordance with said notice, such Series 2009 Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2009 Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Series 2009 Bond. All Series 2009 Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2009 Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Series 2009 Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Series 2009 Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

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

Section 3.10. Authorization of Bonds. For the purposes of paying costs of acquisition and construction of the Project, funding the Series 2009 Bonds Reserve Account, paying capitalized interest on the Series 2009 Bonds and paying costs in connection therewith, there shall be issued the Series 2009 Bonds of the Issuer, in an aggregate principal amount of not more than $10,000,000. The Series 2009 shall be designated "Water Revenue Bonds, Series 2009 (Bank Qualified)" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2009 Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2009 Bonds shall be numbered from R-1 consecutively upward. The Series 2009 Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Series 2009 Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2009 Bonds, respectively, of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2009 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2009 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2009 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2009 Bond, or any other evidence of ownership of the Series 2009 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2009 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2009 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Resolution, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2009 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2009 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Resolution. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2009 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2009 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2009 Bonds so redeemed, but DTC may return such Series 2009 Bonds and make an appropriate notation on the Series 2009 Bonds certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2009 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2009 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2009 Bonds, selecting the Series 2009 Bonds, or portions thereof, to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 2009 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2009 Bonds under or through

DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2009 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2009 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2009 Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E The book entry system for registration of the ownership of the Series 2009 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2009 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2009 Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 2009 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2009 Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 2009 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2009 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2009 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2009 Bonds to the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2009 Bonds by Bond Counsel; and

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

Section 3.13. Form of Bonds. The definitive Series 2009 Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2009 BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2009 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2009 Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds.

Upon the issuance and delivery of the Series 2009 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2009 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2009 Bonds Sinking Fund and applied to payment of interest on the Series 2009 Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2009 Bonds equal to the Series 2009 Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2009 Bonds Reserve Account, provided that, to the extent the Series 2009 Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2009 Bonds shall be used to purchase said reserve account letter of credit, surety bond or other credit facility and proceeds of the Series 2009 Bonds shall be deposited in the Series 2009 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2009 Bonds Reserve Requirement.

3. An amount of the proceeds of the Series 2009 Bonds which shall be sufficient to pay the costs of issuance of the Series 2009 Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2009 Bonds. All such costs of issuance shall be paid within 60 days of the Closing Date. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer to the Series 2009 Bonds Construction Fund.

4. The balance of proceeds of the Series 2009 Bonds, not used for any of the purposes set forth above, shall be deposited in the Series 2009 Bonds Construction Fund and shall be drawn out, used and applied by the Issuer solely to pay the costs of acquisition and construction of the Project and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2009 Bonds Construction Fund. Disbursements from the Series 2009 Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2009 Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of the Project, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2009 Bonds Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Section 3.16 Designation of Series 2009 Bonds as "Qualified Tax-Exempt Obligations." The Issuer hereby designates the Series 2009 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2009 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2009 Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2009, all as determined in accordance with the Code.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2009 Bonds Construction Fund;

(4) Series 2009 Bonds Costs of Issuance Fund; and

(5) Rebate Fund.

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

(1) Series 2009 Bonds Sinking Fund;

(2) Within the Series 2009 Bonds Sinking Fund, the Series 2009 Bonds Redemption Account; and

(3) Series 2009 Bonds Reserve Account.

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

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the

Prior Resolutions to pay interest on the First Lien Bonds; and (ii) commencing 6 months prior to the first interest payment date on the Series 2009 Bonds, for deposit in the Series 2009 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2009 Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2009 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2009 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2009 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2009 Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay the principal of the First Lien Bonds; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2009 Bonds, for deposit in the Series 2009 Bonds Sinking Fund, and in the Series 2009 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2009 Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2009 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to fund the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2009 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2009 Bonds Reserve Account below the Series 2009 Bonds Reserve Requirement or any withdrawal from the Series 2009 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2009 Bonds Reserve Account results in a

determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2009 Bonds Reserve Account is less than the Series 2009 Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2009 Bonds Reserve Account for deposit into the Series 2009 Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2009 Bonds Reserve Account to an amount equal to the Series 2009 Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2009 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2009 Bonds Reserve Requirement.

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

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

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

Monies in the Series 2009 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2009 Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the Series 2009 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2009 Bonds when due, when amounts in the Series 2009 Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Issuer shall not be required to make any further payments into the Series 2009 Bonds Sinking Fund or the Series 2009 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series

2009 Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2009 Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2009 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirements therefor.

The payments into the Series 2009 Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

The Issuer shall restore any withdrawals from the Series 2009 Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2009 Bonds Reserve Requirement, from the first Net Revenues available after all required payments have been made in full in the order set forth above.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the Series 2009 Bonds, senior and prior to the principal, interest or reserve payments for the Second Lien Bonds, in accordance with the respective principal amounts then Outstanding.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2009 Bonds Sinking Fund and the Series 2009 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Bond Commission from the Revenue Fund by the Issuer at the times provided herein.

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

C. The Issuer shall remit from the Revenue Fund to the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any charges and fees then due.

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

E. If on any monthly payment date the Net Revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

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

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

(A) Qualified Investments acquired for the Series 2009 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to annually transfer from the Series 2009 Bonds Reserve Account, pro rata, to the Series 2009 Bonds Sinking Fund, any earnings on the monies deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2009 Bonds Reserve Account an amount at least equal to the Series 2009 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2009 Bonds Reserve Account, whereupon such account shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2009 Bonds Reserve Account shall, at any time, be less than the Series 2009 Bonds Reserve Requirement, the Bond Insurer, if any, shall be notified immediately of such deficiency, such deficiency shall be made up from the first available Net Revenues in the order set forth in Section 4.03 hereof.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2009 Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2009 Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2009 Bonds in such manner and to such extent as may be necessary, so that the Series 2009 Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2009 Bonds) so that the interest on the Series 2009 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2009 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2009 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect,

with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2009 Bonds from gross income for federal income tax purposes.

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

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2009 Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 2009 Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2009 Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2009 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution but shall be payable solely from the Net Revenues of the System, the monies in the Series 2009 Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2009 Bonds or monies in the Series 2009 Bonds Construction Fund, all as herein provided. No Holder or Holders of the Series 2009 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 Bonds, or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Series 2009 Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the interest on and principal of the Prior Bonds and the Series 2009 Bonds herein authorized, and to make the payments into the Series 2009 Bonds Sinking Fund, the Series 2009 Bonds Reserve Account, and all other payments provided for in this Resolution and the Prior Resolutions, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the interest on and principal of the Series 2009 Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any fiscal year for payment of principal of and interest on the Series 2009 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2009 Bonds, including the First Lien Bonds and the Second Lien Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the current rate order.

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

Section 6.05. Completion of Project; Operation and Maintenance. The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in this Resolution.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2009 Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2009 Bonds, immediately be remitted to the Bond

Commission for deposit in the Series 2009 Bonds Sinking Fund and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest on the Series 2009 Bonds. Any balance remaining after the payment of the Series 2009 Bonds and interest thereon shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $500,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $500,000 but not in excess of $1,000,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $500,000 and not in excess of $1,000,000, shall with the written consent of the Authority, be remitted by the Issuer to the Bond Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise into the Renewal and Replacement Fund. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $1,000,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2009 Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2009 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2009 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2009 Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2009 Bonds and the interest thereon, if any, in this Resolution, or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2009 Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2009 Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by an Independent Certified Public Accountant reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 120% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2009 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2009 Bonds.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2009 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

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

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

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

Section 6.10. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.11. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, has been fully paid.

Section 6.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2009 Bond shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other

bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

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

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

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

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

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

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser, the Bond Insurer, if any, and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Connections. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2009 Bonds, pro rata, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds, and senior and prior to the lien in favor of the Holders of the Second Lien Bonds.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2009 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2009 Bonds during the term thereof is, under the terms of the Series 2009 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2009 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2009 Bonds during the term thereof is, under the terms of the Series 2009 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2009 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2009 Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2009 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2009 Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2009 Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2009 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18 Financial Guaranty Insurance Policy. The Issuer may apply for a Financial Guaranty Insurance Policy for the Series 2009 Bonds. In the event a Financial Guaranty Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2009 Bonds. These additional covenants and provisions shall be set forth in a Supplemental Resolution, shall apply to the Series 2009 Bonds, and shall be controlling in the event any other provisions of this Resolution may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2009 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2009 Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Series 2009 Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Bond Insurer;

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

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

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

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

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

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

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

(C) Bring suit upon the Series 2009 Bonds;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Bondholders; and

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

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2009 Bonds shall be on a parity with one another and also on parity with those of the Holders of the First Lien Bonds, and senior and prior to those of the Holders of the Second Lien Bonds.

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Resolution and the Act.

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

Whenever all that is due upon the Series 2009 Bonds issued pursuant to this Resolution and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further

orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2009 Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

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

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

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2009 Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 2009 Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2009 Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2009 Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

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

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2009 Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2009 Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2009 Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Series 2009 Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Series 2009 Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2009 Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Series 2009 Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

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

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

however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2009 Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2009 Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

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

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 2009 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2009 Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2009 Bonds from gross income for federal income tax purposes.

The Series 2009 Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2009 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2009 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2009 Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2009 Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2009 Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2009 Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. Prior to issuance of the Series 2009 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of the Resolution, shall be controlling. Following issuance of the Series 2009 Bonds, this Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. In the event any of the Series 2009 Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2009 Bonds or the rights of any Bond Insurer for such Series 2009 Bonds may be effected without the written consent of such Bond Insurer. No materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2009 Bonds then Outstanding and affected thereby and such Bond Insurer, which must be filed with the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2009 Bonds without the express written consent of the Holder of each Series 2009 Bond so affected, nor reduce the percentage of Series 2009 Bonds required for consent to any such modification or amendment.

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

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

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

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

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

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

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

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

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States

mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

Berkeley County Public Service District
Post Office Box 737
Martinsburg, West Virginia 25402-0737
Attention: Chairman

REGISTRAR AND PAYING AGENT

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

DEPOSITORY BANK

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

ORIGINAL PURCHASER

Ross, Sinclaire & Associates, LLC
400 Democrat Drive
Frankfort, Kentucky 40601
Attention: Senior Vice President

BOND INSURER

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

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

Section 10.07. No Personal Liability. No member of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Resolution.

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

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2009 Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2009 Bonds and the Original Purchaser.

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

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

Section 10.12. Conflicting Provisions Repealed. All orders, resolutions or parts thereof in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the resolutions authorizing the Prior Bonds, the resolutions authorizing the Prior Bonds shall control, unless less restrictive, so long as the Prior Bonds are Outstanding.

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

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

Adopted this 12th day of January, 2009.

_____
Chairman

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CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Berkeley County Public Service District on the 12th day of January, 2009.

Dated this ___ day of February, 2009.

[SEAL]

_____
Secretary

01.08.09
067720.00011

CH932403.1

EXHIBIT A - SERIES 2009 BONDS FORM

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

No. R-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2009 BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 2009 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

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

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $10,000,000 designated "Berkeley County Public Service District Water Revenue Bonds, Series 2009 (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2009, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the System; (ii) to fund a Reserve Account for the Series 2009 Bonds (as hereinafter defined); and (iii) to pay certain costs of issuance of the Series 2009 Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on January 12, 2009, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on January 12, 2009 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

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THIS BOND IS ISSUED ON A PARITY WITH OR SENIOR TO WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING OUTSTANDING WATER REVENUE BONDS OF THE ISSUER WHICH HAVE THE LIEN POSITION SO DESIGNATED:

DESIGNATION	LIEN POSITION
(1) WATER REVENUE BONDS, SERIES 1993 B (FORMERLY HEDGESVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1993 A) (THE "SERIES 1993 B BONDS"), DATED MARCH 8, 1993, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $528,871;	FIRST LIEN
(2) WATER REVENUE BONDS, SERIES 1993 C (FORMERLY HEDGESVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1993 B) (THE "SERIES 1993 C BONDS"), DATED MARCH 8, 1993, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $17,629;	SECOND LIEN
(3) WATER REVENUE BONDS, SERIES 1993 D (FORMERLY OPEQUON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1993) (THE "SERIES 1993 D BONDS"), DATED JULY 29, 1993, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,257,957;	FIRST LIEN
(4) WATER REVENUE BONDS, SERIES 1996 (FORMERLY HEDGESVILLE PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1996) (THE "SERIES 1996 BONDS"), DATED AUGUST 6, 1996, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $677,158;	FIRST LIEN
(5) WATER REVENUE BONDS, SERIES 1997 (FORMERLY OPEQUON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1997) (THE "SERIES 1997 BONDS"), DATED JUNE 25, 1997, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $3,339,090;	FIRST LIEN
(6) WATER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 2001 A BONDS"), DATED OCTOBER 25, 2001, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,010,000;	FIRST LIEN
(7) WATER REFUNDING REVENUE BONDS, SERIES 2003 A (BANK QUALIFIED) (THE "SERIES 2003 A BONDS"), DATED APRIL 1, 2003, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,330,000;	FIRST LIEN
(8) WATER REFUNDING REVENUE BONDS, SERIES 2003 B (NON-BANK QUALIFIED) (THE "SERIES 2003 B BONDS"), DATED APRIL 1, 2003, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,030,000;	FIRST LIEN
(9) WATER REVENUE BONDS, SERIES 2003 C (THE "SERIES 2003 C BONDS"), DATED MAY 15, 2003, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,430,000;	FIRST LIEN
(10) WATER REVENUE BONDS, SERIES 2004 (THE "SERIES 2004 BONDS"), DATED DECEMBER 30, 2004, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,000,000;	FIRST LIEN
(11) WATER REVENUE BONDS, SERIES 2006 (THE "SERIES 2006 BONDS"), DATED DECEMBER 28, 2006, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $10,000,000;	FIRST LIEN
(12) WATER REVENUE BONDS, SERIES 2007 (NON-BANK QUALIFIED) (THE "SERIES 2007 BONDS") DATED DECEMBER 21, 2007, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,300,000; AND	FIRST LIEN
(13) WATER REVENUE BONDS, SERIES 2008 (BANK QUALIFIED) (THE "SERIES 2008 BONDS") DATED JANUARY 24, 2008, AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $9,500,000.	FIRST LIEN

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 2001 A Bonds, the Series 2003 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds and the Series 2008 Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds.

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

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

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

Bonds Maturing _____	
Year (___)	Principal Amount

Bonds Maturing _____	
Year (___)	Principal Amount

Bonds Maturing _____	
Year (___)	Principal Amount

Bonds Maturing _____	
Year (___)	Principal Amount

Bonds Maturing _____	
Year (___)	Principal Amount

* Final Maturity

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

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds, and senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Resolution for the Bonds (the "Series 2009 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2009 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any fiscal year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay costs of acquisition and construction of certain additions, betterments and improvements to the System, fund a reserve account for the Series 2009 Bonds and pay costs of issuance hereof, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

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

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

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Dated: _____, 2009.

_____
as Registrar

By: _____
Its Authorized Officer

(Form Of)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

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STATEMENT OF INSURANCE

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Appendix F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS:

Effective Date:

Premium: $

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment

made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd. (212) 826-0100
31 West 52nd Street, New York, N.Y. 10019

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

UNITED BANK, INC.

By: _____
Its: Authorized Officer

8. The Bank is hereby requested and authorized to authenticate and deliver the Series 2009 Bonds in accordance with the Bond Legislation.

9. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

10. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of Page Intentionally Blank]

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar, as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Series 2009 Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Series 2009 Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Bank agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Bank's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Bank shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Agreement, the Issuer hereby agrees to pay to the Bank, the compensation for services rendered as provided in the annexed fee schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Berkeley County Public Service District
P.O. Box 737
Martinsburg, West Virginia 25402
Attention: Chairman

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

$7,510,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Revenue Bonds, Series 2009 (Bank Qualified)

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 17th day of February, 2009, by and between BERKELEY COUNTY PUBLIC SERVICE DISTRICT, a public service district, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia, a state banking corporation (the "Bank").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $7,510,000 aggregate principal amount of Water Revenue Bonds, Series 2009 (Bank Qualified) in fully registered form (the "Series 2009 Bonds"), pursuant to a Resolution adopted January 12, 2009 as supplemented (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2009 Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Agreement does appoint the Bank to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[Beneficial Owners of the Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

SCHEDULE A

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

[Name of Issuer]

October 18, 2002

[Date]

Underwriting Department—Eligibility
The Depository Trust Company
55 Water Street 19th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

Berkeley County Public Service District

(Issuer)

By: _____ II

(Authorized Officer's Signature)

William T. Alexander, II, Chairman

(Print Name)

83 Monroe Street

(Street Address)

Martinsburg, WV 25401

(City) (State) (Zip Code)

(304) 264-0995

(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: _____

P-2467 04/99

FSA
A Dexia Company

February 17, 2009

Municipal Bond Insurance Policy No. 211158-N With Respect to
$7,510,000 In Aggregate Principal Amount of
Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2009

Ladies and Gentlemen:

I am Associate General Counsel of Financial Security Assurance Inc., a New York stock insurance company ("Financial Security"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by Financial Security of its municipal bond insurance policy no. 211158-N (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. Financial Security is a stock insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.

2. The Policy has been duly authorized, executed and delivered by Financial Security.

3. The Policy constitutes the valid and binding obligation of Financial Security, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of Financial Security and to the application of general principles of equity.

In addition, please be advised that I have reviewed the description of the Policy under the caption "BOND INSURANCE – Bond Insurance Policy" in the official statement relating to the above-referenced Bonds dated February 17, 2009 (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy referred to above, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, referred to or omitted from under the captions "BOND INSURANCE – Financial Security Assurance Inc." and "—Recent Events Regarding Financial Security's Ratings and Ownership of Holdings".

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

Very truly yours,

Associate General Counsel

Berkeley County Public Service District,
Post Office Box 737,
Martinsburg, West Virginia 25402.

Ross, Sinclaire & Associates, Inc.,
as Representative of the Underwriters,
400 Democrat Drive,
Frankfort, Kentucky 40601.

PROCEDURES FOR PREMIUM PAYMENT TO FINANCIAL SECURITY ASSURANCE INC.

Financial Security's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid:	**Upon determination of the final debt service schedule, fax such schedule to Financial Security**
	Attention: Eric Friedland, Director
	Phone No.: (212) 339-3544
	Fax No.: (212) 857-0375

Confirm with the individual in our underwriting department that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date:	Date of Delivery of the insured bonds.
Method of Payment:	Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank:	The Bank of New York
ABA#:	021 000 018
Acct. Name:	Financial Security Assurance Inc.
Account No.:	8900297263
Policy Nos.:	211158-N

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

Financial Security will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Audrey A. Udit, Paralegal , (212) 339-3548.

receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim in connection with an Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment made with respect to the Bonds (a "Preference Claim"), (B) the direction of any appeal of any order relating to any Preference Claim at the expense of Financial Security but subject to reimbursement as provided in the Resolution and (C) the posting of any surety, supersedeas or performance bond pending any such appeal. In addition, the Trustee/Paying Agent hereby agrees that Financial Security shall be subrogated to, and the Trustee/Paying Agent on its behalf and on behalf of each Holder, hereby delegates and assigns, to the fullest extent permitted by law, the rights of the Trustee/Paying Agent and each Holder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(vii) Payment should be made by wire transfer directed to [SPECIFY INSURANCE ACCOUNT].

Unless the context otherwise requires, capitalized terms used in this Notice of Claim and Certificate and not defined herein shall have the meanings provided in the Policy.

IN WITNESS WHEREOF, the Trustee/Paying Agent has executed and delivered this Notice of Claim and Certificate as of the _____ day of _____, _____.

By_____

Title_____

For Financial Security or
Fiscal Agent Use Only
Wire transfer sent on _____ By _____
Confirmation Number _____

NOTICE OF CLAIM AND CERTIFICATE

Financial Security Assurance Inc.
31 West 52nd Street
New York, NY 10019

The undersigned, a duly authorized officer of [FULL NAME OF TRUSTEE or PAYING AGENT] (the "Trustee/Paying Agent"), hereby certifies to Financial Security Assurance Inc. ("Financial Security"), with reference to Municipal Bond Insurance Policy No. 211158-N dated February 17, 2009 (the "Policy") issued by Financial Security in respect of the Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2009 (the "Bonds"), that:

(i) The Trustee/Paying Agent is the Trustee/Paying Agent under the document authorizing the issuance of the Bonds (the "Resolution") for the Holders.

(ii) The sum of all amounts on deposit (or scheduled to be on deposit) in the [RELEVANT ACCOUNTS] and available for distribution to the Holders pursuant to the Resolution will be $_____ _____ (the "Shortfall") less than the aggregate amount of principal and interest Due for Payment on _____ ("Scheduled Payments").

(iii) The Trustee/Paying Agent is making a claim under the Policy for the Shortfall to be applied to the payment of Scheduled Payments.

(iv) The Trustee/Paying Agent agrees that, following receipt of funds from Financial Security, it shall (a) hold such amounts in trust and apply the same directly to the payment of Scheduled Payments on the Bonds when due; (b) not apply such funds for any other purpose; (c) not commingle such funds with other funds held by the Trustee/Paying Agent and (d) maintain an accurate record of such payments with respect to each Bond and the corresponding claim on the Policy and proceeds thereof, and, if the Bond is required to be [SURRENDERED/PRESENTED] for such payment, shall stamp on each such Bond the legend $"[insert applicable amount] paid by Financial Security and the balance hereof has been canceled and reissued" and then shall deliver such Bond to Financial Security.

(v) The Trustee/Paying Agent, on behalf of the Holders, hereby assigns to Financial Security the rights of the Holders with respect to the Bonds to the extent of any payments under the Policy, including, without limitation, any amounts due to the Holders in respect of securities law violations arising from the offer and sale of the Bonds. The foregoing assignment is in addition to, and not in limitation of, rights of subrogation otherwise available to Financial Security in respect of such payments. Payments to Financial Security in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Holders to receive all Scheduled Payments in respect of the Bonds. The Trustee/Paying Agent shall take such action and deliver such instruments as may be reasonably requested or required by Financial Security to effectuate the purpose or provisions of this clause (v).

(vi) The Trustee/Paying Agent, on its behalf and on behalf of the Holders, hereby appoints Financial Security as agent and attorney-in-fact for the Trustee/Paying Agent and each such Holder in any legal proceeding with respect to the Bonds. The Trustee/Paying Agent hereby agrees that, so long as Financial Security shall not be in default in its payment obligations under the Policy, Financial Security may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency,

DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF FINANCIAL SECURITY ASSURANCE INC.

The undersigned hereby certifies on behalf of Financial Security Assurance Inc. ("Financial Security"), in connection with the issuance by Financial Security of its Policy No. 211158-N (the "Policy") in respect of the $7,510,000 in aggregate principal amount of the Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2009 (the "Bonds") that:

(i) the information set forth under the captions "BOND INSURANCE – Financial Security Assurance Inc." and "--Recent Events Regarding Financial Security's Ratings and Ownership of Holdings" in the official statement dated February 17, 2009, relating to the Bonds is true and correct,

(ii) Financial Security is not currently in default nor has Financial Security ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,

(iii) the Policy is an unconditional and recourse obligation of Financial Security (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),

(iv) the insurance premium for the Policy of $62,001.68 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to Financial Security as a condition to the issuance of the Policy,

(v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by Financial Security to maintain its ratings, which, together with all other overhead expenses of Financial Security, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),

(vi) Financial Security is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, Financial Security will not use any portion of the Bond proceeds; provided, however, that Financial Security or its affiliates may independently provide a guaranteed investment contract for the investment of all or a portion of the proceeds of the Bonds,

(vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by Financial Security,

(viii) Financial Security does not expect that a claim will be made on the Policy,

(ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and

(x) Financial Security would not have issued the Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve account or fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

Financial Security makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

FINANCIAL SECURITY ASSURANCE INC.

By: _____
Authorized Officer

Dated: February 17, 2009

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Berkeley County Public Service District (West Virginia)

BONDS: $7,510,000 in aggregate principal amount of Water Revenue Bonds, Series 2009

Policy No.: 211158-N

Effective Date: February 17, 2009

Premium: $62,001.68

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____
Its: ~~Senior Vice President~~ Managing Director of Public Finance

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067780.00011

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IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____
Its: Senior Vice President

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____
Its: Senior Vice President

EXHIBIT A
to Continuing Disclosure Agreement

Filing information relating to the Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission (subject to change):

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: 609.279.3225
Fax: 609.279.5962
http://www.bloomberg.com/markets/rates/municontracts.html
Email: Munis@Bloomberg.com

DPC Data, Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: 201.346.0701
Fax: 201.947.0107
http://www.dpcdata.com
E-mail: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 Williams Street, 15th Floor
New York, NY 10038
Phone: 212.771.6999; 800-689-8466
Fax: 212.771.7390
http://www.ftid.com
Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, NY 10041
Phone: 212.438.4595
Fax: 212.438.3975
www.disclosuredirectory.standardandpoors.com/
Email: nrmsir_repository@sandp.com

ARTICLE V

Miscellaneous

Section 5.1. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.2. Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof or thereof, or the Bonds, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

(5) "Material Event" means any of the following events with respect to the Bonds, whether relating to the District or otherwise, if material:

(i) principal and interest payment delinquencies;
(ii) non-payment related defaults;
(iii) unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) unscheduled draws on credit enhancements reflecting financial difficulties;
(v) substitution of credit or liquidity providers, or their failure to perform;
(vi) adverse tax opinions or events affecting the tax-exempt status of the security;
(vii) modifications to rights of security holders;
(viii) bond calls;
(ix) defeasances;
(x) release, substitution, or sale of property securing repayment of the securities; and
(xi) rating changes.

(6) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

(7) "NRMSIR" means, at any time, a then-existing nationally recognized municipal securities information repository, as recognized from time to time by the SEC for the purposes referred to in the Rule. The NRMSIRs as of the date of this Agreement and filing information relating to such NRMSIRs are set forth in Exhibit A hereto.

(8) "Official Statement" means "final official statement," as defined in paragraph f(3) of the Rule.

(9) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, § 240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(10) "SEC" means the United States Securities and Exchange Commission.

(11) "SID" means, at any time, a then-existing State information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the rule. As of the date of this Agreement, there is no SID.

(12) "State" means the State of West Virginia.

(13) "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

(b) The obligations of the District to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide Annual Financial Information and Material Event notices, by any holder of Outstanding bonds, or by the Purchaser on behalf of the holders of Outstanding bonds, or (ii), in the case of challenges to the adequacy of the Annual Financial Information so provided, by the Purchaser on behalf of the holders of Outstanding Bonds; provided, however, that the Purchaser shall not be required to take any enforcement action except at the direction of the holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Purchaser with adequate security and indemnity. The holders' and Purchaser' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the District's obligations under this Agreement.

(c) Any failure by the District or the Purchaser to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following items used in this Agreement shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) the District's Annual Financial Report (or any successive document which sets forth comprehensive information relating to the financial position of the District), (ii) operating information similar to that set forth in the Official Statement subsection "The System", and (iii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(c) and (d) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the District, audited by such auditor as shall then be required or permitted by State law. Audited Financial Statements shall be prepared in accordance with GAAP.

(3) "Counsel" means Steptoe & Johnson PLLC, Charleston, West Virginia, or other nationally recognized bond counsel or counsel expert in federal securities law.

(4) "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the District (1) delivers to the Purchaser an opinion of counsel, addressed to the District and the Purchaser, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to each NRMSIR and the SID.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the District or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the District shall have delivered to the Purchaser an opinion of counsel, addressed to the District and the Purchaser, to the same effect as set forth in clause (2) above, (4) the District shall have delivered to the Purchaser an opinion of Counsel or a determination by a person, in each case unaffiliated with the District (such as bond counsel or the Purchaser) and acceptable to the District, addressed to the District and the Purchaser, to the effect that the amendment does not materially impair the interests of the holders of the Bonds, and (5) the District shall have delivered copies of such opinion(s) and amendment to each NRMSIR and the SID.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the District shall have delivered to the Purchaser an opinion of counsel, addressed to the District and the Purchaser, to the effect that performance by the District and Purchaser under this Agreement as so amended will not result in a violation of the Rule and (3) the District shall have delivered copies of such opinion and amendment to each NRMSIR and the SID.

(c) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the District in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall provide written explanation of such change or changes.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement and shall be deemed to be holders of Bonds for purposes of Section 3.3(b) hereof. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a).

Section 1.5. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Material Event hereunder, in addition to that which is required by this

Agreement. If the District chooses to do so, the District shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Material Event hereunder.

Section 1.6. No Previous Non-Compliance. The District represents that since July 3, 1995, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement, as entered into by the District, as issuer, specified in paragraph (b)(5)(i) of the Rule.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Documents. It shall be sufficient for purposes of this Agreement if the District provides Annual Financial Information by specific reference to documents (i) either (1) provided to each NRMSIR existing at the time of such reference and the SID or (2) filed with the SEC, or (ii) if such document is an Official Statement, available from the MSRB.

Section 2.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 2.3. Transmission of Information and Notices. Unless otherwise required by law, the District shall employ such methods of information and notice transmission as it shall so determine.

Section 2.4. Fiscal Year. The District's current fiscal year is the twelve-month period ending on June 30. The District shall promptly notify (i) each NRMSIR, (ii) the SID and (iii) the Purchaser of each change in its fiscal year.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The District's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") dated as of February 17, 2009, by and between Berkeley County Public Service District (the "District") and Ross, Sinclaire & Associates, LLC (the "Purchaser") in connection with the $7,510,000 Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Bonds"), issued pursuant to the Bond Resolution adopted by the District on January 12, 2009, and the Supplemental Resolution adopted January 12, 2009 (collectively, the "Resolution"). Capitalized terms used in this Agreement shall have the respective meanings specified in the Resolution or in Article IV hereof. The parties agree as follows:

ARTICLE I

The Undertaking

Section 1.1. Purpose. This Agreement shall constitute a written undertaking for the benefit of the holders of the Bonds, and is being executed and delivered solely to assist the Purchaser in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The District shall provide Annual Financial Information with respect to each fiscal year of the District, commencing with the fiscal year ending June 30, 2009, by no later than 180 days after the end of the respective fiscal year, to each NRMSIR and the SID.

(b) The District shall provide, in a timely manner, notice of any failure of the District to provide the Annual Financial Information by the date specified in subsection (a) above to (i) either the MSRB or each NRMSIR, and (ii) the SID.

Section 1.3. Material Event Notices. (a) If a Material Event occurs, the District shall provide, in a timely manner, notice of each Material Event to (i) either the MSRB or each NRMSIR, (ii) the SID, and (iii) the Purchaser.

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption, provided notices shall not be sent for mandatory sinking fund redemptions as set forth in the Official Statement.

Section 1.4. Additional Disclosure Obligations. The District acknowledges and understands that other State and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the District and that, under some circumstances, additional disclosures or other action in addition to those required by this Agreement may be required to enable the District to fully discharge all of its duties and obligations under such laws.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter, and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Series 2009 Bonds.

Sincerely,

PARKER POE ADAMS & BERNSTEIN LLP

EXHIBIT "D"

[LETTERHEAD OF PARKER POE ADAMS & BERNSTEIN LLP]

February 17, 2009

Ross, Sinclaire & Associates, LLC
400 Democrat Drive
Frankfort, Kentucky 40601

Re: $7,455, 000 Berkeley County Public Service District, West Virginia Water Revenue Bonds, Series 2009 (Bank Qualified)

Ladies and Gentlemen:

We have served as counsel to you (the "Underwriter") in connection with the issuance and sale by Berkeley County Public Service District, West Virginia (the "Issuer") of its Bonds, Series 2009 (Tax-Exempt) in the aggregate principal amount of $7,510,000 (the "Series 2009 Bonds"). In connection with rendering this opinion, we have examined the Official Statement, (the "OS"), the Bond Purchase Agreement, dated February 4, 2009 (the "Purchase Agreement"), and Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

We are not passing upon, and do not assume any responsibility for, the accuracy, completeness, or fairness of any of the statements in the OS, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, to assist you in your investigation concerning the OS, we have reviewed certain documents to include the Resolution, Approving Opinion of Steptoe & Johnson, PLLC, Bond Counsel, Supplemental Opinion of Steptoe & Johnson, PLLC, Bond Counsel, Opinion of Hoy Shingleton, Jr., Counsel to the Issuer, General Certificate of Issuer, Rule 15c2-12 Certificate, Registrar's Certificate, Underwriter's Certificate, and the Purchase Agreement. During the course of our work on this matter, nothing has come to our attention that would lead us to believe that the OS (excluding therefrom the financial and statistical data included in the OS, including Appendix A, Appendix B, and Appendix C thereto, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of circumstances under which they were made, not misleading.

EXHIBIT "C"

[OPINION OF HOY SHINGLETON, JR.]

EXHIBIT "B"

[DISCLOSURE OPINION OF STEPTOE & JOHNSON, PLLC]

EXHIBIT "A"

MATURITY SCHEDULE

$7,510,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS
SERIES 2009 (BANK QUALIFIED)

Maturity	Type of Bond	Maturity Value	Interest	Yield
12/1/2010	Serial Coupon	$ 280,000	2.000%	2.000%
12/1/2011	Serial Coupon	290,000	2.200	2.200
12/1/2012	Serial Coupon	295,000	2.400	2.400
12/1/2013	Serial Coupon	250,000	2.600	2.600
12/1/2014	Serial Coupon	255,000	2.800	2.800
12/1/2015	Serial Coupon	265,000	2.800	2.900
12/1/2016	Serial Coupon	270,000	3.000	3.100
12/1/2017	Serial Coupon	660,000	3.000	3.150
12/1/2018	Serial Coupon	680,000	3.200	3.300
12/1/2021	Term 1 Coupon	610,000	4.000	4.100
12/1/2023	Term 2 Coupon	455,000	4.125	4.250
12/1/2025	Term 3 Coupon	495,000	4.250	4.400
12/1/2026	Serial Coupon	865,000	4.375	4.450
12/1/2027	Serial Coupon	900,000	4.400	4.500
12/1/2028	Serial Coupon	940,000	4.400	4.550

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____

Title: _____

ACCEPTED AND APPROVED:

BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT, WEST VIRGINIA

Gregory Rhoe, Chairman

hereof. All agreements of the Issuer in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Series 2009 Bonds.

12. This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

13. If any section, paragraph or clause of this Lease shall be held invalid by any court of competent jurisdiction, the invalidity of said section, paragraph or clause shall not affect any of the remaining provisions hereof.

14. The approval of the Underwriter when required hereunder or the determination of its satisfaction with any document referred to herein shall be in writing signed by the Representative and delivered to the Issuer. This Purchase Agreement shall become legally effective upon its acceptance by the Issuer, as evidenced by the signature of the Executive Director of the Issuer in the space provided hereinafter therefore.

15. This Bond Purchase Agreement may be signed in one or more counterparts, which together shall constitute one Bond Purchase Agreement.

[*Signatures appear on following page(s)*]

2009 Bonds; (vi) fees and expenses of the Bond Registrar; and (vii) all other expenses and costs (including the fees and expenses of the Issuer) for the authorization, issuance, sale and distribution of the Series 2009 Bonds.

7. The Underwriter shall pay from the underwriting spread all other expenses incurred by them in connection with the offering and distribution of the Series 2009 Bonds, including all fees of Disclosure Counsel, Underwriter's Counsel, out-of-pocket expenses, travel and other expenses.

8. For so long as the Underwriter, or dealers or banks, if any, participating in the distribution of the Series 2009 Bonds, are offering Series 2009 Bonds which constitute the whole or a part of their unsold participations, the Issuer will: (a) not adopt any amendment of or supplement to the OS to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by Counsel for the Underwriter, unless, in the opinion of Counsel to the Issuer, such amendment or supplement is required to make the OS not misleading, and (b) if any event relating to or affecting the Issuer shall occur as a result of which it is necessary, in the opinion of Bond Counselor Counsel for the Underwriter, to amend or supplement the OS in order to make the OS not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment or a supplement to the OS (in form and substance satisfactory to the Counsel for the Underwriter) which will amend or supplement the OS so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements there, in the light of the circumstances existing at the time the OS is delivered to a purchaser, not misleading. The expense of preparing such amendment or supplement shall be borne by the Issuer. For the purposes of this paragraph, the Issuer will furnish such information with respect to itself as the Underwriter from time to time may request.

9. Neither the members nor officers of the Issuer nor their employees shall be personally liable for breach of any representation, agreement or warranty made by the Issuer within this Purchase Agreement.

10. Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing as follows:

To the Issuer: Berkeley County Public Service District
Post Office Box 737
Martinsburg, West Virginia 25402
Attn: Paul S. Fisher, Executive Director

To the Underwriter: Ross, Sinclaire & Associates, LLC
400 Democrat Drive
Frankfort, Kentucky 40601
Attn: Brian Nurick

11. This Purchase Agreement is made solely for the benefit of the Issuer and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or Corporation shall acquire or have any right hereunder or by virtue

consummate the transactions contemplated hereby and by the OS, (iii) to the Issuer's knowledge no litigation is pending, or to the Issuer's knowledge threatened, to restrain or enjoin the issuance or sale of the Series 2009 Bonds or in any way affecting any authority for or the validity of the Series 2009 Bonds, the Resolution or the Issuer's existence or powers or the Issuer's right to use the proceeds of the Series 2009 Bonds to finance the Project, and (iv) the execution, delivery, receipt and due performance of the Series 2009 Bonds, the Resolution and the other agreements contemplated hereby and by the OS under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on the Issuer's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which the Issuer is or may be bound;

(v) parties thereto; Copies of the Resolution and this Purchase Agreement executed by the parties thereto;

(vi) A Certificate of the Bond Registrar to the effect that all conditions precedent contained in the Resolution for the issuance of the Series 2009 Bonds have been met, and are entitled to the benefit and security of the Resolution;

(vii) The Resolution, certified by an authorized official of the Issuer under the seal of the Issuer, as having been duly adopted by the Issuer and as being in full force and effect, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(viii) Evidence to the effect that the requirements of the Code have been satisfied by the filing of Internal Revenue Service Form 8038-G with respect to the Series 2009 Bonds; and

(ix) Such additional opinions, certificates, proceedings, instruments and other documents as the Underwriter, Bond Counselor Underwriter's Counsel may reasonably request including the opinion of Bond Counsel with respect to the original issue discount, if any.

If the Issuer shall be unable to satisfy or cause to be satisfied the conditions to the Underwriter's obligations in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the Issuer shall have any further obligations, claims or rights hereunder. However, the Underwriter may in its discretion waive in writing one or more conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

6. The Underwriter shall be under no obligation to pay, and, if the Series 2009 Bonds are issued, the Issuer shall payor cause to be paid from the proceeds of the Series 2009 Bonds, any fees and expenses incident to the performance of the Issuer's obligations hereunder including (i) all expenses in connection with the printing and distribution of the OS and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing, issuance and delivery of the Series 2009 Bonds; (iii) the fees and disbursements of Steptoe & Johnson PLLC, Bond Counsel; (iv) the fees and disbursements, if any, of Hoy Shingleton, Jr., Counsel for the Issuer; (v) all advertising expenses in connection with the offering of the Series

(vi) In the reasonable opinion of the Underwriter, the market price of the Series 2009 Bonds, or the market price generally of obligations of the general character of the Series 2009 Bonds, has been adversely affected because (1) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to the Series 2009 Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriter, or (3) war or any outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or escalated to such a magnitude as in the reasonable opinion of the Underwriter to have a materially adverse effect on the ability of the Underwriter to market the Series 2009 Bonds;

(vii) An event described in paragraph 5(g) hereof shall have occurred which in the opinion of the Underwriter requires the preparation and publication of a supplemental or amendment to the OS, regardless of whether or not such a supplement or amendment to the OS has been prepared and/or circulated, unless the Underwriter shall have otherwise agreed that this Purchase Agreement shall not be terminated as a result of such event;

(viii) There shall have been any materially adverse change in the affairs of the Issuer; or

(ix) At any point prior to Closing, any rating agency downgrades its published rating of the insurer, Financial Security Assurance, Inc.

c) At or prior to the Closing, the Underwriter and the Issuer shall receive the following documents, in each case in form and substance satisfactory to us and our counsel:

(i) The unqualified approving opinions, dated as of the Closing Date, of Steptoe & Johnson, PLLC, Bond Counsel, in the form attached as Appendix D to the OS accompanied by the opinion of Steptoe & Johnson, PLLC, as Disclosure Counsel, substantially in the form attached hereto as **Exhibit "B"**;

(ii) The opinion of Hoy Shingleton, Jr., Counsel for the Issuer, dated the date of Closing and addressed to the Underwriter in the form attached hereto as **Exhibit "C"**;

(iii) The opinion of Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, counsel for the Underwriter, dated as of the Closing Date, substantially in the form attached hereto as **Exhibit "D"**;

(iv) A certificate, satisfactory to the Underwriter, of the Executive Director of the Issuer dated as of the Closing, to the effect that: (i) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing and that each of its representations and warranties contained herein are true as of Closing, (ii) the Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Series 2009 Bonds, the Resolution and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to and

5. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the Issuer made herein. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

a) At or prior to the time of Closing, the Resolution, as approved by the Underwriter or its counsel, shall have been approved by the appropriate parties, shall have been duly executed, acknowledged, sealed and delivered, shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter;

b) The Underwriter shall have the right to cancel its obligations hereunder to purchase the Series 2009 Bonds (such cancellation shall not constitute a default hereunder) by notifying the Issuer in writing of its election to do so between the date hereof and the Closing Date, if at any time hereafter and prior to the Closing Date;

(i) Any legislation, rule or regulation shall be introduced in, or enacted by, the United States House of Representatives or the United States Senate or any committee thereof, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Series 2009 Bonds;

(ii) Any legislation, Resolution, rule or regulation shall be introduced in or enacted by any governmental body, department or agency of the State of West Virginia or political subdivision thereof, or a decision by any court of competent jurisdiction within the State of West Virginia shall have been rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Series 2009 Bonds;

(iii) A stop order, ruling or regulation by, or on behalf of, the Securities and Exchange Commission or any other government agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering for sale of obligations of the general character of the Series 2009 Bonds, or the issuance, offering or sale of the Series 2009 Bonds, including all the underlying obligations, as contemplated hereby or by the OS, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities and Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect;

(iv) Any event shall have occurred or information become known which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the OS or the Underwriter shall have determined that the OS contains an untrue statement of a material fact or omits a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(v) A general banking moratorium shall have been established by Federal or West Virginia State authorities;

executed, authenticated, issued and delivered and will constitute valid and binding obligations of the Issuer payable solely from Net Revenues derived from existing potable water system of the Issuer on a parity with the Prior Bonds and any additional parity bonds that may be issued by the Issuer as permitted by the Resolution. Neither the credit nor the taxing power, if any, of the Issuer shall be deemed to be pledged to, nor shall a tax ever be levied for the payment of the principal of or the interest on the Series 2009 Bonds;

m) Except as disclosed in the OS, there is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board, or body pending or, to the Issuer's knowledge, threatened against or affecting the Issuer (or to the Issuer's knowledge any basis therefore), wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated hereby or by the OS or the validity of the Series 2009 Bonds, the Resolution, this Purchase Agreement, or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the OS;

n) The execution and delivery of the OS, this Bond Purchase Agreement, the Series 2009 Bonds, the Resolution, and the other agreements contemplated hereby and by the OS, and compliance with the provisions thereof, will not conflict with or constitute on the Issuer's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which the Issuer is or may be bound, and to the Issuer's knowledge all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated thereby have been obtained;

o) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is a bond issuer whose arbitrage certifications may not be relied upon;

p) All financial statements of the Issuer included as a part of the OS (the "Financial Statements"), fairly present the Issuer's financial condition as of the respective dates and the results of its operations for the respective periods therein set forth and have been prepared when so indicated in accordance with generally accepted accounting principles consistently applied and since the respective most recent dates as of which information is given in the OS, there has not been any material change in the long-term debt or capitalization of the Issuer or any material adverse change in the general affairs, management, financial position, or results of operations of the Issuer and no material transactions or obligations other than in the ordinary course of business have been entered into with respect to the System, as defined in the OS, by the Issuer, except as reflected in or contemplated by the OS; and

Any certificate signed by any of the authorized officers of the Issuer and delivered to the Underwriter shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein. It is understood that the representations, warranties and covenants by the Issuer contained in this Section 5 and elsewhere in this Purchase Agreement shall not create any general obligation or liability of the Issuer, and that any obligation or liability of the Issuer hereunder or under the Resolution will be payable solely out of (i) the Net Revenues derived from existing sewage system of the Issuer as to the Series 2009 Bonds. No member, official or employee of the Issuer shall be personally liable therefore.

shall occur which might or would cause the OS, as then supplemented or amended, to contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer shall notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the OS, the Issuer will prepare and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment to the OS in form and substance approved by the Issuer and acceptable to the Underwriter, and (ii) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the OS;

h) Prior to the Issuer's acceptance hereof, the Issuer delivered to the Underwriter copies of the Preliminary Official Statement which the Issuer deemed final (for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934) as of the date thereof; provided, however that in making the representation and warranty contained in this paragraph (h) the Issuer shall not be deemed to have made any additional representation or warranty as to the Preliminary Official Statement other than the representation and warranty contained in subparagraph (d);

i) For the purposes of this Purchase Agreement, the End of the Underwriting Period for the Series 2009 Bonds shall mean the earlier of (a) the day of the Closing unless the Issuer has been notified in writing by the Underwriter, on or prior to the date of the Closing, that the "end of the underwriting period" for the Series 2009 Bonds for all purposes of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule") will not occur on the day of the Closing, or (b) the date on which notice is given to the Issuer by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the Issuer pursuant to clause (a) above that the "end of the underwriting period" for the Series 2009 Bonds will not occur on the day of the closing, the Underwriter agrees to notify the Issuer in writing as soon as practicable following the "end of the underwriting period" for the Series 2009 Bonds for all purposes of the Rule;

j) The Purchaser is required to enter into a written continuing disclosure undertaking with the Issuer. Accordingly, a Continuing Disclosure Agreement will be entered into between the Issuer and the Purchaser;

k) You have duly authorized all necessary action to be taken by you for (1) the issuance and sale of the Series 2009 Bonds upon the terms set forth herein, in the Resolution and in the OS; (2) the execution and delivery of the Resolution; (3) the approval of the OS and the execution of the OS by your Executive Director; (4) the execution, delivery, receipt and due performance of this Purchase Agreement, the Series 2009 Bonds, the Resolution and any and all such other agreements and documents as may be required to be executed, delivered and received by you in order to carry out, give effect to and consummate the transactions contemplated hereby and by the OS; and (5) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Resolution and the OS;

l) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Agreement, the Series 2009 Bonds will have been duly authorized,

the Series 2009 Bonds shall be made available to the Registrar by 4:00 p.m. on February 16, 2009, for the purpose of inspection and packaging. The Issuer also agrees that it shall deliver to The Depository Trust Company the letter of representations, in the form required by The Depository Trust Company (the "DTC Letter of Representations") and the timely payment letter at the times required by The Depository Trust Company.

4. The Issuer represents and warrants to the Underwriter and agrees that:

a) The Issuer is a Public Service District, a political subdivision of the State of West Virginia. The Series 2009 Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13A of the Code of West Virginia, as amended (the "Act");

b) The Issuer shall have complied and will comply at the Closing in all respects with all applicable statutes and laws, including the Act;

c) The Issuer has full legal right, power and authority to issue Bonds for purposes provided in the Resolution and to enter into this Purchase Agreement, to adopt the Resolution and to issue, sell and deliver the Series 2009 Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated by each of the aforesaid documents;

d) The information contained in the Preliminary Official Statement and in the OS is and, as of the Closing Date, will be true and does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

e) At the time of the Issuer's acceptance hereof and [unless an event occurs of the nature described in subparagraph (h)], at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Series 2009 Bonds (as determined in accordance with subparagraph (i) hereof), the OS does not and will not contain any statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

f) If the OS is supplemented or amended pursuant to subparagraph (h) at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Series 2009 Bonds (as determined in accordance with subparagraph (i) hereof), the OS as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

g) If during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Series 2009 Bonds (as determined in accordance with subparagraph (i) hereof) any event

Upon the terms and conditions and upon the basis of the representations and warranties set forth in this Purchase Agreement, the Underwriter agrees to purchase from the Issuer, and the Issuer agrees to sell to the Underwriter, the Series 2009 Bonds at an aggregate purchase price of $7,510,000. This purchase price reflects an Underwriter's Discount of $149,550, and Original Issue Discount of $79,490.50. The Series 2009 Bonds shall mature on the dates and in the amounts set forth in **Exhibit "A"** hereto, and shall bear interest, payable semiannually on June 1, and December 1, commencing June 1, 2009. The Series 2009 Bonds are subject to redemption prior to maturity at any time on or after December 1, 2016, at the option of the Issuer, in whole at any time or in part on any interest payment date by lot at an amount of the principal amount, plus interest, accrued to the date of redemption.

The Underwriter agrees to make a bona fide public offering of the Series 2009 Bonds at the initial offering prices as set forth in the Official Statement (as hereinafter described) and in **Exhibit "A"**, which may be changed from time to time by the Underwriter.

1. Concurrently with the acceptance of the Purchase Agreement by the Issuer, the Issuer shall deliver or cause to be delivered to the Underwriter, five (5) copies of the Official Statement (the "OS") relating to the Series 2009 Bonds substantially in the form of the Preliminary Official Statement, signed on behalf of the Issuer by its Chairman as requested below.

2. The OS has been approved for distribution by the Resolution. The Issuer authorized the use of copies of the OS and the Resolution in connection with the offering and sale of the Series 2009 Bonds.

The Issuer delivered to the Underwriter the Preliminary Official Statement which is hereby deemed "final" within the meaning of clause (b)(1) of Rule 15c2-12 ("Rule 15c2-12") under the Securities and Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) and Rule G-32 and all other rules of the Municipal Securities Rulemaking Board.

As soon as practicable following receipt thereof, the Underwriter shall deliver the OS, and any supplement or amendment thereto, to a nationally recognized municipal securities information repository.

3. At 10:00 a.m., prevailing time, on February 17, 2009, or such other date as shall be agreed upon by the parties to this Purchase Agreement (the "Closing"), the Issuer will deliver or cause to be delivered to the Underwriter, (a) Series 2009 Bonds in the form of one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee The Depository Trust Company, New York, New York ("DTC"), duly executed by the Issuer and authenticated by the Registrar; and (b) at such other place as we mutually agree upon, will deliver to the Underwriter the other documents required in this Purchase Agreement and by the Resolution. Upon such delivery of the Series 2009 Bonds, the Underwriter will accept such delivery and pay the purchase price therefore, plus any accrued interest thereon, in immediately available funds to the order of the Depository Bank, for the account of the Issuer. Such delivery shall be made at DTC (or at the offices of the Registrar, if "DTC Fast" delivery is used), with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The Series 2009 Bonds shall be made available to the Underwriter and DTC forty-eight (48) hours before the Closing, provided that if DTC Fast delivery is used then

$7,510,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS
SERIES 2009 (BANK QUALIFIED)

BOND PURCHASE AGREEMENT

February 4, 2009

Berkeley County Public Service District
P.O. Box 737
Martinsburg, West Virginia 25402

Ladies and Gentlemen:

Ross, Sinclaire & Associates, LLC (the "Underwriter") offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with Berkeley County Public Service District, West Virginia (the "Issuer"). This offer is made subject to acceptance and execution of this Purchase Agreement by the Issuer, prior to 11:59 p.m., local prevailing time on the date hereof, or until withdrawn by the Underwriter upon written notice to the Issuer as permitted herein, whichever shall occur earlier. Upon such acceptance and approval, as evidenced by the signature of the Executive Director of the Issuer in the space provided below, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer and the Underwriter.

All capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings set forth in the hereinafter described Resolution.

Purpose and Plan of Financing

Series 2009 Bonds

The proceeds of the Series 2009 Bonds are being issued by the Issuer to provide funds, together with other moneys available therefore, for the following purposes: (i) to finance the costs of design, acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer; (ii) to capitalize a portion of the interest on the Series 2009 Bonds through June 1, 2009; (iii) to fund the Series 2009 Bonds Reserve Account; and (iv) to pay costs of issuance of the Series 2009 Bonds and related costs.

The Series 2009 Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of a bond resolution and supplemental resolution adopted by the Issuer on January 12, 2009 (collectively, the "Resolution"). The Resolution shall be substantially in the form previously submitted to the Underwriter with such changes and amendments as the Issuer's and Underwriter's counsel shall approve.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 17th day of February, 2009.

By: _____
Its: Chairman

2.05.09
067780.00011

CH5015323.1

$7,510,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Revenue Bonds, Series 2009
(Bank Qualified)

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Ross, Sinclaire & Associates, LLC (the "Underwriter") that he is the duly elected or appointed and acting Chairman of the Berkeley County Public Service District (the "District"), authorized to execute and deliver this Certificate and further certifies on behalf of the District to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the District's Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared an Official Statement, dated February 3, 2009, setting forth information concerning the Bonds and the issuer of the Bonds (the "Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, the identity of the Underwriter and other terms of the Bonds and any underlying obligations depending on such matters, all with respect to the Bonds and any underlying obligations.

(4) The Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final bond purchase agreement, any event occurs as a result of which the Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the District shall promptly notify the Underwriter thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

UNITED BANK, INC.

By: _____
Its: Authorized Officer

2.10.09
067780.00011

CH5015315.1

FEE SCHEDULE

UNITED BANK
WEST VIRGINIA'S BANK

I N V O I C E

Date: February 9, 2009

To: Berkeley County Public Service District

Re: Berkeley County Public Service District
Series 2009

Amount Due: $ 3,000.00

Acceptance Fee	$1,000.00
Annual Fee life of issue (Paid one time only) j	$2,000.00
Total	$3,000.00

Please remit to United Bank
Corporate Trust Department
P. O. Box 393
Charleston, WV

WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

$7,510,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Revenue Bonds, Series 2009 (Bank Qualified)

February 17, 2009

CONSENT

In reliance upon the certificate of CoxHollida, LLP, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, stating that the coverage and parity tests have been met (copies attached) the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), registered owner of the Water Revenue Bonds, Series 1993 B, Water Revenue Bonds, Series 1993 D, Water Revenue Bonds, Series 1996, Water Revenue Bonds, Series 1997, Water Revenue Bonds, Series 2001 A and Water Revenue Bonds, Series 2003 C (collectively, the "First Lien Bonds") and the Water Revenue Bonds, Series 1993 C (the "Second Lien Bonds"), hereby consents to the issuance of the Water Revenue Bonds, Series 2009 (Bank Qualified) (the "Series 2009 Bonds"), in the original aggregate principal amount of $7,510,000, by Berkeley County Public Service District (the "Issuer"), under the terms of the Resolution authorizing the Series 2009 Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's First Lien Bonds and senior and prior to the Second Lien Bonds, as set forth in the Resolution.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

2.05.09
067780.00011

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service
Attn: Insolvency Section
Ogden, Utah 84201

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☑ Certified Mail ☐ Express Mail
☐ Registered ☑ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7005 1820 0002 1163 1977

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

7005 1820 0002 1163 1977

Berkeley Co. PSD

OFFICIAL USE

Postage	$ 1.00
Certified Fee	2.70
Return Receipt Fee (Endorsement Required)	2.20
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 5.90

Postmark Here

Sent To: Internal Revenue Service
Street, Apt. No., or PO Box No.: Internal Revenue Service Center
City, State, ZIP+4: Ogden, Utah 84201

Form **8038-G**
(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
► See separate Instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority — If Amended Return, check here ► ☐

1 Issuer's name: Berkeley County Public Service District
2 Issuer's employer identification number: 55 6008864
3 Number and street (or P.O. box if mail is not delivered to street address): 83 Monroe Street
Room/suite:
4 Report number: 3 2009-01
5 City, town, or post office, state, and ZIP code: Martinsburg, West Virginia 25401
6 Date of issue: February 17, 2009
7 Name of issue: Water Revenue Bonds, Series 2009 (Bank Qualified)
8 CUSIP number: 084246 FF9
9 Name and title of officer or legal representative whom the IRS may call for more information: Paul Fisher, Executive Director
10 Telephone number of officer or legal representative: (304) 267.3855

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☒ Environment (including sewage bonds)	15	7,434,509.50
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ►	18	
19	If obligations are TANs or RANs, check box ► ☐ If obligations are BANs, check box ► ☐		
20	If obligations are in the form of a lease or installment sale, check box ► ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	12.01.28	$ 7,434,509.50	$ 7,510,000	12.506 years	4.14042 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	0
23	Issue price of entire issue (enter amount from line 21, column (b))			23	7,434,509.50
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	224,950		
25	Proceeds used for credit enhancement	25	62,001.68		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	712,080.93		
27	Proceeds used to currently refund prior issues	27	0		
28	Proceeds used to advance refund prior issues	28	0		
29	Total (add lines 24 through 28)			29	999,032.61
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	6,435,476.89

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ►	NA	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ►	NA	years
33	Enter the last date on which the refunded bonds will be called ►	NA	
34	Enter the date(s) the refunded bonds were issued ►	NA	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	0
b	Enter the final maturity date of the guaranteed investment contract ►		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	0
b	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ► ☐ and enter the name of the issuer ► _____ and the date of the issue ► _____		
38	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ► ☒		
39	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ► ☐		
40	If the issuer has identified a hedge, check box ► ☐		

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

Signature of issuer's authorized representative — Date: 2/17/2009 — Gregory Rhoe, Chairman (Type or print name and title)

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: February 17, 2009

(See Reverse for Instructions)

ISSUE: Berkeley County Public Service District Water Revenue Bonds, Series 2009 (Bank Qualified)

ADDRESS: P. O. Box 737, Martinsburg, West Virginia 25402

COUNTY: Berkeley

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: 2009

CLOSING DATE: February 17, 2009

ISSUE AMOUNT: $7,510,000

RATE: See attached Debt Service Schedule

1ST DEBT SERVICE DUE: June 1, 2009

1ST PRINCIPAL DUE: December 1, 2010

1ST DEBT SERVICE AMOUNT: $78,806.00

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esq.
Phone: 304.353.8196

UNDERWRITERS COUNSEL: Parker, Poe, Adams & Bernstein LLP
Contact Person: Ray Jones
Phone: 803.253.8917

CLOSING BANK: West Virginia Municipal Bond Commission
Contact Person: Sara Boardman, Director
Phone: 304.558.3971

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Paul S. Fisher
Position: Executive Director
Phone: 304.267.3855

OTHER: Ross, Sinclaire & Associates, LLC
Contact Person: Brian Nurick, Senior Vice President
Phone: 502.695.7353

DEPOSITS TO MBC AT CLOSE:
By: X Wire
____ Check

___ Accrued Interest: $_____
X Capitalized Interest: $78,806.00
X Reserve Account: $712,080.93
X Other: Construction $6,359,670.89

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
_____ IGT
_____ Internal Transfer

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: $_____

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

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.

SERIES 2009 BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

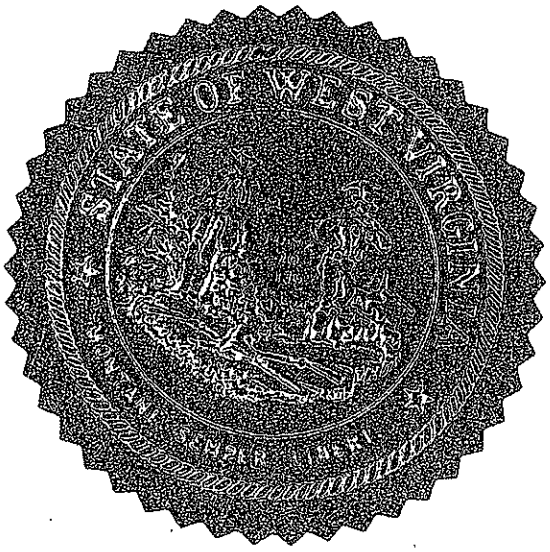
Bond No.	Maturity Date or Sinking Fund (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.
R-1	2010	$280,000	2.000%	2.000%	084246FM4
R-2	2011	$290,000	2.200%	2.200%	084246 FN2
R-3	2012	$295,000	2.400%	2.400%	084246 FP7
R-4	2013	$250,000	2.600%	2.600%	084246 FQ5
R-5	2014	$255,000	2.800%	2.800%	084246 FR3
R-6	2015	$265,000	2.800%	2.900%	084246 FS1
R-7	2016	$270,000	3.000%	3.100%	084246 FT9
R-8	2017	$660,000	3.000%	3.150%	084246 FU6
R-9	2018	$680,000	3.200%	3.300%	084246 FV4
R-10	2021	$610,000	4.000%	4.100%	084246 FW2
R-11	2023	$455,000	4.125%	4.250%	084246 FX0
R-12	2025	$495,000	4.250%	4.400%	084246 FY8
R-13	2026	$865,000	4.375%	4.440%	084246 FZ5
R-14	2027	$900,000	4.400%	4.500%	084246 GA9
R-15	2028	$940,000	4.400%	4.550%	084246 GB7

State of West Virginia

Certificate

I, Betty Ireland, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13A OF THE WEST VIRGINIA CODE, AND CHAPTER 16, ARTICLE 13A OF THE 2007 SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

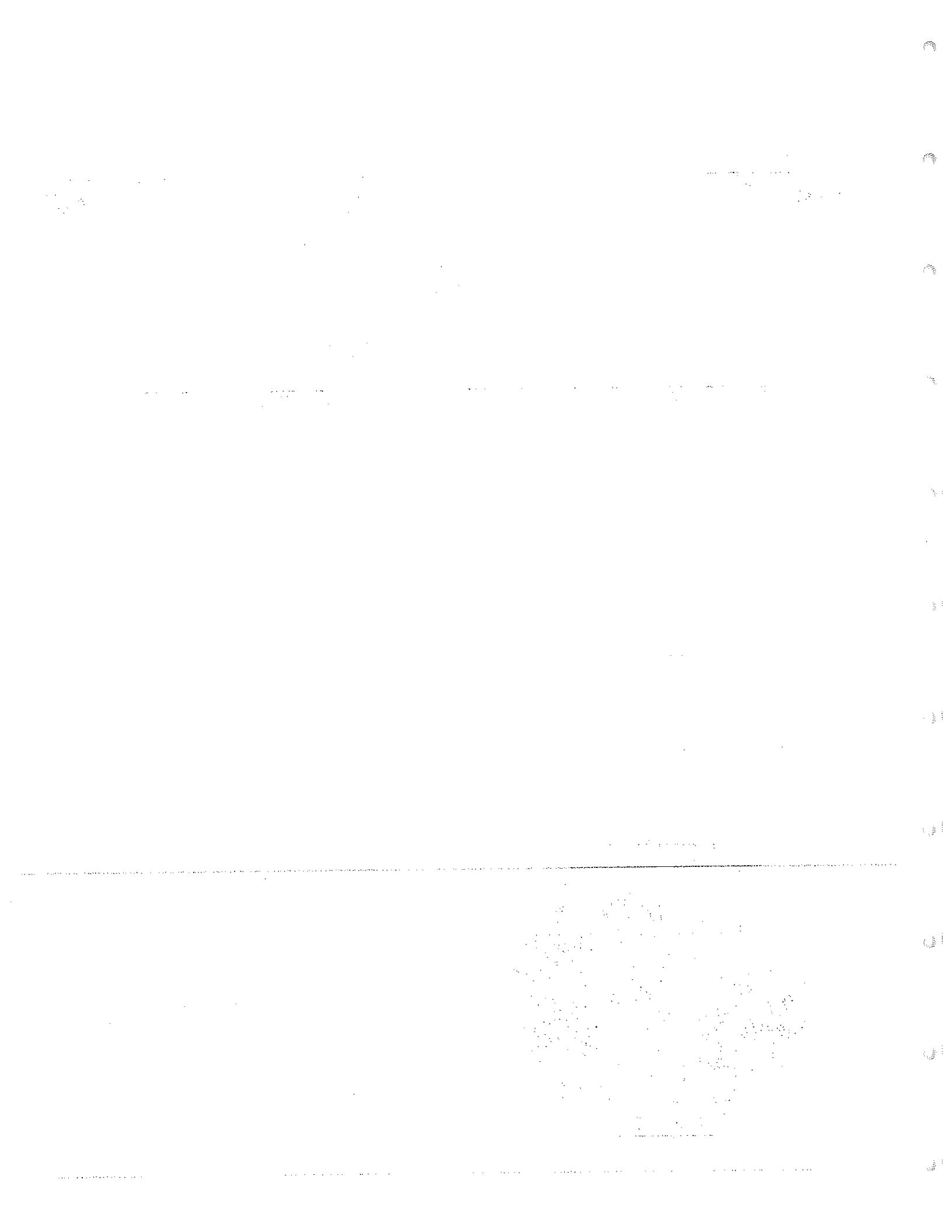


Given under my hand and the Great Seal of the State of West Virginia on

March 24, 2008

Betty Ireland

Secretary of State



ARTICLE 13A

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES

Section

16-13A-1. Legislative findings.
16-13A-1a. Jurisdiction of the public service commission.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, e: pand or dissolve public service districts.
16-13A-1c. General purpose of districts.
16-13A-2. Creation of districts by county commission; enlarging, reducing, mergin or dissolving district; consolidation; agreements, etc.; infringing upc powers of county commission; filing list of members and districts wi the secretary of state.
16-13A-3. District to be a public corporation and political subdivision; powe thereof; public service boards.
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16-13A-21. Complete authority of article; liberal construction; district to be put instrumentality; tax exemption.
16-13A-22. Validation of prior acts and proceedings of county courts for creation districts, inclusion of additional territory, and appointment of memb of district boards.
16-13A-23. Validation of acts and proceedings of public service boards.
16-13A-24. Acceptance of loans, grants or temporary advances.
16-13A-25. Borrowing and bond issuance; procedure.

Administrative Code References

Sewer utilities regulations, see W. Va. Code St. R. § 150-5-1 et seq.

§ 16–13A–1. Legislative findings

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to ensure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the public service commission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts.

Acts 1953, c. 147; Acts 1980, c. 60; Acts 1986, c. 81.

Cross References

County courts, authority to make grants for water and sewer systems, see § 7–1–3t.

Library References

Key Numbers

Counties ⇐18.
Municipal Corporations ⇐5 to 6.
Public Utilities ⇐145.
Westlaw Key Number Searches: 104k18; 268k5 to 268k6; 317Ak145.

Encyclopedias

C.J.S. Counties §§ 31 to 33.
C.J.S. Municipal Corporations § 12.
C.J.S. Public Utilities §§ 18, 65 to 67.

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1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying wa-

ter and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 123(3)

Statute authorizing creation of public service districts violates no provision of State Constitution, nor is it violative of Fourteenth Amendment to United States Constitution. Act 1953, c. 147; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 278(2)

In statute authorizing creation of public service districts, provision for delinquent fixed rates and charges for services rendered to be lien on premises served was not unconstitutional as depriving owners of property without due process of law or as violating Fourteenth Amendment of United States Constitution or applicable provisions of State Constitution. Acts 1953, c. 147, § 1 et seq.; Const. art. 3, §§ 9, 10; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 300(1)

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional delegation of judicial functions to the County Court. Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 56

2. In general

A public service district may be created for the purpose of furnishing water or sewer services, or both water and sewer services. Code, 16–13A–1. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 5

Creation and operation of water or sanitary districts or authorities by issuance of revenue bonds payable from revenues are authorized. Code, 16–13A–1 et seq. State ex rel. Appalachian Power Co. v. Gainer, 1965, 143 S.E.2d 351, 149 W.Va. 740. Health And Environment ⇐ 4

3. Construction and application

A public service district is a public corporation and does not come within constitutional provision which in substance provides that all corporations shall be created by general laws and which is applicable to private corporations. Acts 1953, c. 147, § 1 et seq.; Const. art. 11, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 80(3)

4. Eminent domain powers

Where notice, hearing and order with respect to creation of public service district considered only the question of furnishing water, such district was created only for the purposes of furnishing water services, and had no power to condemn real estate for sewerage facilities. Code, 16-13A-1, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Eminent Domain ⇐ 3

Condemnation by public service district is no a taking of private property for private use in violation of applicable constitutional provision Const. art. 3, § 9. State ex rel. McMillion v Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233 Eminent Domain ⇐ 13

5. Property of public service district

Property of public service district is public property used for public purposes, and, under constitutional provision that public property shall be exempt from taxation, statute authorizing creation of public service districts and granting tax exemption was not violative of constitutional provision requiring that taxation be equal and uniform throughout state. Acts 1953, c. 147, § 1 et seq.; Const. art. 10, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Taxation ⇐ 194

6. Rates and charges for service

Relief under Federal Securities Act of 1933 was not adequate or sufficient remedy for relief sought by corporations holding sewer revenue bonds of public service district in mandamus proceeding to compel district to establish and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariff reflecting such charges with Public Service Commission, and any relief afforded under provisions of federal statute could not supersede relief which could be granted in mandamus proceeding. Securities Act of 1933, § 1 et seq., 15 U.S.C.A. § 77a et seq.; Code, 16–13A–1 et seq. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 3(8)

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 110

It was ministerial duty of chairman of public service board of public service district to sign revenue bonds and to assist in effectuating their issuance, and in view of constitutionality of statute authorizing creation of the public service board, relator's showing of legal right to require performance of such duty, was sufficient and writ of mandamus would issue. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⇐ 103

7. Creation and enforcement of liens

Public service district's failure to docket notice of lien prior to date purchaser recorded deed of trust prevented district from enforcing sewer lien against purchaser. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Municipal Corporations ⇐ 712(7)

Public service district liens must be docketed to be enforceable against purchaser of property for valuable consideration, without notice. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Gas ⇐ 14.6

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222

8. Admissibility of evidence

Extrinsic evidence relating to background and negotiations with regard to forming a public service district were not admissible in regard to construction of a contract for furnishing of water, where contract language was clear and unambiguous that district was to furnish water as customer should require. Berkeley County Public Service Dist. v. Vitro Corp. of America, 1968, 162 S.E.2d 189, 152 W.Va. 252. Evidence ⇐ 448

9. Costs

Costs of proceeding whereby constitutionality of statute authorizing creation of public service districts was tested would not be taxed against defendant who was chairman of public service board and who, honestly and in good faith, though mistakenly, endeavored to perform his duty in refusing to sign revenue bonds, and each litigant would pay his own costs. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⇐ 190

§ 16–13A–1a. Jurisdiction of the public service commission

The jurisdiction of the public service commission relating to public service districts shall be expanded to include the following powers, and such powers shall be in addition to all other powers of the public service commission set forth in this code:

(a) To study, modify, approve, deny or amend the plans created under section one-b of this article for consolidation or merger of public service districts and their facilities, personnel or administration;

(b) To petition the appropriate circuit court for the removal of a public service district board member or members; and

(c) To create by general order a separate division within the public service commission to provide assistance to public service districts in technological, operational, financial and regulatory matters.

Acts 1986, c. 81.

Library References

Key Numbers
Public Utilities ⇐145.
Westlaw Key Number Search: 317Ak145.

Encyclopedias
C.J.S. Public Utilities §§ 18, 65 to 67.

Notes of Decisions

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1. In general

Statute clearly and unambiguously gives Public Service Commission (PSC) power to reduce or increase utility rates whenever it finds that existing rate is unjust, unreasonable, insufficient, or unjustly discriminatory or otherwise in violation of any provision of legislation governing Commission. Code, 24–1–1 et seq., 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⇐ 123

Legislature sought to establish in Public Service Commission (PSC) governmental entity which would protect public from unfair rates and practices by public utilities and also ensure that public utilities are given competitive return for their stockholders. Code, 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⇐ 123

§ 16–13A–1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the bureau of public health and the division of environmental protection shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules promulgated by the public service commission and such order shall be implemented by the county commission.

Acts 1986, c. 81; Acts 1994, c. 61.

Cross References

Public Service Commission, participation in studies, see § 24–1–1b.

Library References

Key Numbers
Counties ⇐18, 47.
Westlaw Key Number Searches: 104k18; 104k47.

Encyclopedias
C.J.S. Counties §§ 31 to 33, 70 to 73.

§ 16–13A–1c. General purpose of districts

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of, properties supplying water, sewerage or stormwater services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with: (1) The diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"); (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills"); (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"); or (4) the collection, control or disposal of stormwater (herein sometimes referred to as "stormwater system" or "stormwater systems"), or (5) the management, operation, maintenance and control of stormwater and stormwater systems (herein sometimes referred to as "stormwater management program" or "stormwater management programs"). As used in this article "stormwater system" or "stormwater systems" means a stormwater system in its entirety or any integral part thereof used to collect, control or dispose of stormwater, and includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations: Provided, That the term "stormwater system" or "stormwater systems" does not include highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways. As used in this article "stormwater management program" or "stormwater management programs" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater systems, and includes, but is not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law: Provided, however, That the term "stormwater management program" or "stormwater management programs" does not include those activities associated with the management, operation,

maintenance and control of highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways.

Acts 1986, c. 81; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Key Numbers
Counties ⇐18.
Gas ⇐12.
Municipal Corporations ⇐5 to 6, 270 to 271, 711, 715.
Waters and Water Courses ⇐183.5.
Westlaw Key Number Searches: 104k18; 190k12; 268k5 to 268k6; 268k270 to 268k271; 268k711; 268k715; 405k183.5.

Encyclopedias
C.J.S. Counties §§ 31 to 33.
C.J.S. Gas §§ 43 to 45.
C.J.S. Municipal Corporations §§ 12, 1540.
C.J.S. Waters § 243.

§ 16–13A–2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state

(a) The county commission of any county may propose the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district by any of the following methods: (1) On its own motion by order duly adopted, (2) upon the recommendation of the public service commission, or (3) by petition of twenty-five percent of the registered voters who reside within the limits of the proposed public service district within one or more counties. The petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: Provided, That after the effective date of this section, no new public service district shall be created, enlarged, reduced, merged, dissolved or consolidated under this section without the written consent and approval of the public service commission, which approval and consent shall be in accordance with rules promulgated by the public service commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not the territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: Provided, however, That the same territory shall not be included within the boundaries of more than one public service district except where the territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services, stormwater services or gas facilities not being furnished within such territory or part thereof: Provided further, That no city, incorporated town or other municipal corporation shall be included within the boundaries of the proposed district except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

(b) The petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if the territory is situated in more than one county, then the petition shall be filed in the office of the clerk of the county commission of the county in which the major portion of the territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of the county at the first regular meeting after the filing or at a special meeting called for the consideration thereof.

(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for the publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to the hearing.

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlarge-

ment, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge, dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the public service commission for such purpose: Provided, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the public service commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: Provided, however, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The public service commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the public service commission pursuant to this section and section one-b, of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of opera-

tions: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the public service commission shall apply. The commission shall at all times attempt to bring about the enlargement or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the secretary of state and the public service commission by the first day of July of each year.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1967, c. 105; Acts 1975, c. 140; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1995, c. 125, eff. 90 days after March 11, 1995; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

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Key Numbers
Counties ⇐47.
Municipal Corporations ⇐5 to 6.
Westlaw Key Number Searches: 104k47; 268k5 to 268k6.

Encyclopedias
C.J.S. Counties §§ 70 to 73.
C.J.S. Municipal Corporations § 12.

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1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 123(3)

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 56

2. Creation of public service districts

Where notice, hearing and order with respect to creation of public service district considered only the question of furnishing water, such district was created only for the purposes of furnishing water services, and had no power to condemn real estate for sewerage facilities. Code, 16-13A–1, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Eminent Domain ⇐ 32

Where public service district was created for purpose of furnishing water services, county court had authority to add sewerage services to the facilities of the district under appropriate proceedings. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d

Note 2

647, 156 W.Va. 606. Municipal Corporations ⇐ 270

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222

3. District boundaries

Public service district statute that allowed county commission to designate district's boundaries did not also empower commission to make service territories exclusive, displacing Public Service Commission's (PSC) authority to determine service rights. Code, 16–13A–2. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Counties ⇐ 47

4. Notice of hearing

Provisions of statute, with respect to creation of public service districts, which relate to the filing of the petition or motion of the county court, the description of the territory to be embraced, and like provisions are mandatory; but, despite use of the word "shall," the requirements for posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 12(3)

Though record with respect to creation of public service district was silent with respect to posting of notice of hearing and as to whether hearing was not more than 40 nor less than 20 days after his fixing the date for hearing as provided by statute, there was substantial compliance with statute where hearing was set some time prior to the date of the hearing, there was publication of notice more than ten days prior to the date of the hearing as required, and there were no objections either before, during or after the hearing to the creation of the district or to the procedures employed in its creation. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 12(6)

5. Number of voters within district

Public service district was not void because there were not 100 legal voters owning property within the district. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 6

6. Costs

Costs of proceeding whereby constitutionality of statute authorizing creation of public service districts was tested would not be taxed against defendant who was chairman of public service board and who, honestly and in good faith, though mistakenly, endeavored to perform his duty in refusing to sign revenue bonds, and each litigant would pay his own costs. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⇐ 190

§ 16–13A–3. District to be a public corporation and political subdivision; powers thereof; public service boards

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, or for furnishing stormwater services for the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal

or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district, who possess certain educational, business or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the public service commission in conjunction with the division of environmental protection and the bureau of public health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is entitled to appoint one member of the board, and each city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district except in cases of merger or consolidation where the number of board members may equal five.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district and residing within the state of West Virginia, which three members become members of the board of the district without any further act or proceedings except in cases of merger or consolidation where the number of board members may equal five.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the

board, who are persons residing within the district, as is necessary to make the number of members of the board equal three except in cases of merger or consolidation where the number of board members may equal five, and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, is the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the public service commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four years, the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a of this article.

Any vacancy shall be filled for the unexpired term within thirty days; otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the public service commission, within thirty days of the appointment, the following information: The new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board. The public service commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

The board shall organize within thirty days following the first appointment and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chair and by appointing

secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1971, c. 72; Acts 1981, c. 124; Acts 1983, c. 166; Acts 1986, c. 81; Acts 1994, c. 61; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Law Review and Journal Commentaries

The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ? John W. Fisher, II, 98 W. Va. L. Rev. 449 (1996).

Library References

Key Numbers
Counties ⇐18.
Municipal Corporations ⇐6.
Westlaw Key Number Searches: 104k18; 268k6.

Encyclopedias
C.J.S. Counties §§ 31 to 33.
C.J.S. Municipal Corporations § 12.

Notes of Decisions

In general 1
Criminal responsibility of members 4
Ministerial officers, generally 3
Standard of care 2

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1. In general

Board members of the Mt. Zion Public Service District cannot be compensated for performing the duties of treasurer and/or secretary for the Mt. Zion Public Service District; furthermore, a board member may not be compensated for reading meters for the Mt. Zion Public Service District. Howley, Op.Atty.Gen., July 14, 1988.

2. Standard of care

Public service district owes duty of reasonable care to avoid damage to property of others with respect to maintenance of water lines. McCloud v. Salt Rock Water Public Service Dist., 2000, 533 S.E.2d 679, 207 W.Va. 453. Waters And Water Courses ⇐ 205

3. Ministerial officers, generally

Public policy of West Virginia, as evidenced by statute making it unlawful for county or district board member or officer to be or become pecuniarily interested in proceeds of any contract or service over which he might have any voice, influence, or control, is not directed against actual fraud or collusion but is for purpose of preventing those acts and eliminating any opportunity therefor, and purpose of statute is to protect public funds and give official recognition to fact that person cannot properly represent public in transacting business with himself. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Courts ⇐ 55

4. Criminal responsibility of members

County commissioner's conviction for being or becoming pecuniarily interested in contract over which he might have some voice or influence was supported by evidence of his continued performance of contract maintenance work for public service district after his election to commission. Code, 61–10–15. State v. Neary,

Note 4

1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇐ 60

§ 16–13A–3a. Removal of members of public service board

The county commission or the public service commission or any other appointive body creating or establishing a public service district under the provisions of this article, or any group of five percent or more of the customers of a public service district, may petition the circuit court of the county in which the district maintains its principal office for the removal of any member of the governing board thereof for consistent violations of any provisions of this article, for reasonable cause which includes, but is not limited to, a continued failure to attend meetings of the board, failure to diligently pursue the objectives for which the district was created, or failure to perform any other duty either prescribed by law or required by a final order of the public service commission or for any malfeasance in public office. Any board member charged with a violation under this section who offers a successful defense against such charges shall be reimbursed for the reasonable costs of such defense from district revenues. Such costs shall be considered as costs associated with rate determination by the public service district and the public service commission. If the circuit court judge hearing the petition for removal finds that the charges are frivolous in nature, the judge may assess all or part of the court costs, plus the reasonable costs associated with the board member's defense, against the party or parties who petitioned the court for the board member's removal.

Acts 1963, c. 75; Acts 1971, c. 72; Acts 1981, c. 124; Acts 1986, c. 81.

Library References

Key Numbers

Counties ⇐45.
Public Utilities ⇐145.
Westlaw Key Number Searches: 104k45; 317Ak145.

Encyclopedias

C.J.S. Counties § 67.
C.J.S. Public Utilities §§ 18, 65 to 67.

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Sufficiency of evidence 3

1. Criminal responsibility of members

Upon becoming member of county commission, person who is pecuniarily interested in proceeds of any contract or service with public service district violates criminal conflict of interest statute; by virtue of that position, that person has some voice, influence, or control over continuation of contract. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇐ 60

2. Ministerial officers, generally

Public policy of West Virginia, as evidenced by statute making it unlawful for county or district board member or officer to be or become pecuniarily interested in proceeds of any contract or service over which he might have any voice, influence, or control, is not directed against actual fraud or collusion but is for purpose of preventing those acts and eliminating any opportunity therefor, and purpose of statute is to protect public funds and give official recognition to fact that person cannot properly represent public in transacting business with himself. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Courts ⇐ 55

3. Sufficiency of evidence

County commissioner's conviction for being or becoming pecuniarily interested in contract over which he might have some voice or influence was supported by evidence of his contin-

ued performance of contract maintenance work for public service district after his election to commission. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇐ 60

Conflict of interest indictment against county commissioner was sufficient even though it did not characterize commissioner's interest as pecuniary, and commissioner was not entitled to bill of particulars. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇐ 60

§ 16–13A–4. Board chairman; members' compensation; procedure; district name

(a) The chairman shall preside at all meetings of the board and may vote as any other member of the board. If the chairman is absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting.

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with two thousand customers or more, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with four thousand or more customers, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served to the public service commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter.

(c) Public service districts selling water to other water utilities for resale may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than fifty thousand dollars, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with annual revenues of fifty thousand dollars or more, but less than two hundred fifty thousand dollars, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance

at special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with annual revenues of two hundred fifty thousand dollars or more, but less than five hundred thousand dollars, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with annual revenues of five hundred thousand dollars or more, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served and its annual revenue to the public service commission beginning on the first day of July, two thousand, and continue each fiscal year thereafter.

(d) Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules of the board.

(e) The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three, article nine-a, chapter six of this code. Emergency meetings may be called as provided for by said section. A majority of the members constituting the board also constitute a quorum to do business.

(f) The members of the board are not personally liable or responsible for any obligations of the district or the board, but are answerable only for willful misconduct in the performance of their duties. At any time prior to the issuance of bonds as hereinafter provided, the board may by resolution change the official or corporate name of the public service district and the change is effective from the filing of an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located and with the public service commission. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2000, c. 199, eff. 90 days after March 11, 2000.

Library References

Key Numbers

Counties ⇐68, 87.
Municipal Corporations ⇐161 to 170.
Westlaw Key Number Searches: 104k68; 104k87; 268k161 to 268k170.

Encyclopedias

C.J.S. Counties §§ 107 to 108, 128.
C.J.S. Municipal Corporations §§ 369 to 405.

Notes of Decisions

In general 1

1. In general

Board members of the Mt. Zion Public Service District cannot be compensated for performing the duties of treasurer and/or secretary for the Mt. Zion Public Service District; furthermore, a board member may not be compensated for reading meters for the Mt. Zion Public Service District. Howley, Op.Atty.Gen., July 14, 1988.

§ 16–13A–5. General manager of board

The board may employ a general manager to serve a term of not more than five years and until his or her successor is employed, and his or her compensation shall be fixed by resolution of the board. Such general manager shall devote all or the required portion of his or her time to the affairs of the district and may employ, discharge and fix the compensation of all employees of the district, except as in this article otherwise provided, and he or she shall perform and exercise such other powers and duties as may be conferred upon him or her by the board.

Such general manager shall be chosen without regard to his or her political affiliations and upon the sole basis of his or her administrative and technical qualifications to manage public service properties and affairs of the district and he or she may be discharged only upon the affirmative vote of two thirds of the board. Such general manager need not be a resident of the district at the time he or she is chosen. Such general manager may not be a member of the board but shall be an employee of the board.

The board of any public service district which purchases water, sewer or stormwater service from a municipal water, sewer or stormwater system or another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water, sewer or stormwater system or public service district from which such water, sewer or stormwater service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Key Numbers

Counties ⇐65, 68.
Municipal Corporations ⇐149, 161.
Westlaw Key Number Searches: 104k65; 104k68; 268k149; 268k161.

Encyclopedias

C.J.S. Counties §§ 101 to 103, 107 to 108.
C.J.S. Municipal Corporations §§ 361, 372 to 373, 376, 378, 384 to 385, 390.

§ 16–13A–6. Employees of board

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and expedient. The board shall in and by such resolution fix the term of

employment and compensation and prescribe the duties to be performed by such employees.

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Key Numbers
Counties ⇐65, 68, 87.
Municipal Corporations ⇐149, 161, 170.
Westlaw Key Number Searches: 104k65; 104k68; 104k87; 268k149; 268k161; 268k170.

Encyclopedias
C.J.S. Counties §§ 101 to 103, 107 to 108 128.
C.J.S. Municipal Corporations §§ 361, 372 t 373, 376, 378, 384 to 385, 390 to 40

§ 16–13A–7. Acquisition and operation of district properties

The board of such districts shall have the supervision and control of all publi service properties acquired or constructed by the district, and shall have th power, and it shall be its duty, to maintain, operate, extend and improve th same, including, but not limited to, those activities necessary to comply with a federal and state requirements, including water quality improvement activities All contracts involving the expenditure by the district of more than fiftee thousand dollars for construction work or for the purchase of equipment an improvements, extensions or replacements, shall be entered into only afte notice inviting bids shall have been published as a Class I legal advertisemen in compliance with the provision of article three, chapter fifty-nine of this cod and the publication area for such publication shall be as specified in sectio two of this article in the county or counties in which the district is located. Th publication shall not be less than ten days prior to the making of any suc contract. To the extent allowed by law, in-state contractors shall be given fir priority in awarding public service district contracts. It shall be the duty of th board to ensure that local in-state labor shall be utilized to the greatest exte possible when hiring laborers for public service district construction or maint nance repair jobs. It shall further be the duty of the board to encoura contractors to use American made products in their construction to the exte possible. Any obligations incurred of any kind or character shall not in a event constitute or be deemed an indebtedness within the meaning of any of t provisions or limitations of the constitution, but all such obligations shall b payable solely and only out of revenues derived from the operation of the publ service properties of the district or from proceeds of bonds issued as hereinaft provided. No continuing contract for the purchase of materials or supplies for furnishing the district with electrical energy or power shall be entered in for a longer period than fifteen years.

Acts 1953, c. 147; Acts 1967, c. 105; Acts 1981, c. 124; Acts 1982, c. 24; Acts 1986, 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 da after March 9, 2002.

Library References

Key Numbers
Counties ⇐107.
Municipal Corporations ⇐711.
Public Utilities ⇐114.
Westlaw Key Number Searches: 104k1 268k711; 317Ak114.

Encyclopedias
C.J.S. Counties § 147.

C.J.S. Public Utilities §§ 6 to 10, 73 to 75.

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers

The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

The board may construct any public service properties within or outside the district necessary or incidental to its purposes and each such district may acquire, construct, maintain and operate any such public service properties within the corporate limits of any city, incorporated town or other municipal corporation included within the district or in any unincorporated territory within ten miles of the territorial boundaries of the district: Provided, That if any incorporated city, town or other municipal corporation included within the district owns and operates either water facilities, sewer facilities, stormwater facilities or gas facilities or all of these, then the district may not acquire, construct, establish, improve or extend any public service properties of the same kind within such city, incorporated towns or other municipal corporations or the adjacent unincorporated territory served by such cities, incorporated towns or other municipal corporations, except upon the approval of the public service commission, the consent of such cities, incorporated towns or other municipal corporations and in conformity and compliance with the rights of the holders of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

Whenever such district has constructed, acquired or established water facilities, sewer facilities, a stormwater system, stormwater management program or gas facilities for water, sewer, stormwater or gas services within any city, incorporated town or other municipal corporation included within a district, then such city, incorporated town or other municipal corporation may not thereafter construct, acquire or establish any facilities of the same kind within such city, incorporated town or other municipal corporation without the consent of such district.

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That the power of eminent domain provided in this section does not extend to highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of

highways without the express agreement of the commissioner of highwa
Provided, however, That such board may not acquire all or any substantial pa
of a privately owned waterworks system unless and until authorized so to do
the public service commission of West Virginia, and that this section shall n
be construed to authorize any district to acquire through condemnation pr
ceedings either in whole or substantial part an existing privately own
waterworks plant or system or gas facilities located in or furnishing water
gas service within such district or extensions made or to be made by it
territory contiguous to such existing plant or system, nor may any such boa
construct or extend its public service properties to supply its services into are
served by or in competition with existing waterworks or gas facilities
extensions made or to be made in territory contiguous to such existing plant
system by the owner thereof.

Acts 1953, c. 147; Acts 1980, c. 60; Acts 1981, c. 124; Acts 2002, c. 272, eff. 90 da
after March 9, 2002.

Library References

Key Numbers

Counties ⇐103 to 104.
Eminent Domain ⇐6, 16.
Municipal Corporations ⇐221, 224.
Westlaw Key Number Searches: 104k103 to 104k104; 148k6; 148k16; 268k221; 268k224.

Encyclopedias

C.J.S. Counties §§ 143 to 144, 148.
C.J.S. Eminent Domain § 22.
C.J.S. Municipal Corporations §§ 873 to 88

Notes of Decisions

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Connections with sewers or drains 6
Eminent domain powers 3
Environmental assessment 5
Public corporation 7
Validity 1
Valuation of property 4

1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 123(3)

Property of public service district is public property used for public purposes, and, under constitutional provision that public property shall be exempt from taxation, statute authorizing creation of public service districts and granting tax exemption was not violative of constitutional provision requiring that taxation be equal and uniform throughout state. Acts 1953, c. 147, § 1 et seq.; Const. art. 10, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693 141 W.Va. 233. Taxation ⇐ 194

2. In general

Statute providing that private property ma be taken or damaged for a number of specifie purposes amounts to legislative declaration o public purposes within meaning of laws, and i is a judicial question whether such declaratio is consonant with organic law. Acts 1949, c 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 70.1(8)

3. Eminent domain powers

Although construction of new facility proposed by utility will often require taking of private property through eminent domain, absent express statutory language Public Service Commission (PSC) has no duty to review and decide issues that are inherent in eminent domain proceeding. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Public Utilities ⇐ 114

Statute providing that private property may be taken or damaged for a number of specified purposes is consonant with organic law and is constitutional. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89

S.E.2d 693, 141 W.Va. 233. Eminent Domain ⇐ 3

4. Valuation of property

Although landowner is competent to give estimate of value of property in eminent domain proceeding, that valuation is not conclusive; government agency may rely on appraisal report concerning estimated value of property to be taken. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Evidence ⇐ 568(4)

5. Environmental assessment

Whether construction of sewage lagoons would constitute "nuisance" does not defeat Public Service Commission's (PSC) jurisdiction to issue certificate of public convenience and necessity; while PSC may assess environmental considerations, chief inquiry by PSC is need of public for project. Code, 24–2–11. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Municipal Corporations ⇐ 708

6. Connections with sewers or drains

City, rather than sewer and water districts, was entitled to provide sewer and water services to newly developed tract that was within districts' boundaries, but was annexed to city, where such services were not previously furnished to tract. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇐ 712(1)

If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right to extend water and/or sewer service which were not being previously furnished to the tract by the public service district, and under those circumstances, a public service district would need the consent of the municipality and the Public Service Commission (PSC) in order to provide such service. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇐ 712(1)

7. Public corporation

A public service district is a public corporation and does not come within constitutional provision which in substance provides that all corporations shall be created by general laws and which is applicable to private corporations. Acts 1953, c. 147, § 1 et seq.; Const. art. 11, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 80(3)

§ 16–13A–9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees

The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district, and the board shall establish rates, fees and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of such public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds hereunder. The schedule of such rates, fees and charges may be based upon either (a) the consumption of water or gas on premises connected with such facilities, taking into consideration domestic, commercial, industrial and public use of water and gas; or (b) the number and kind of fixtures connected with such facilities located on the various premises; or (c) the number of persons served by such facilities; or (d) any combination thereof; or (e) may be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. However, no rates, fees or charges for stormwater services may be assessed against highways, road

and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways. Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate thereof. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. All new applicants for service shall deposit a minimum of fifty dollars with the district to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another minimum deposit of fifty dollars has been remitted to the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided are delinquent and the owner, user and property are liable at law until such time as all such rates, fees and charges are fully paid: Provided, That the property owner shall be given notice of any said delinquency by certified mail, return receipt requested. The board may, under reasonable rules promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both: Provided, however, That upon written request of the owner or owners of the premises, the board shall shut off and discontinue water and gas services where any rates, fees, rentals, or charges for services or facilities remain unpaid by the user of the premises for a period of sixty days after the same became due and payable.

In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities, either water or sewer, as the case may be, then the district and such publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: Provided, That any contracts entered into by a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district providing water and sewer service to its customers has the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the

district providing sewer service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer account: Provided, however, That any termination of water service must comply with all rules and orders of the public service commission.

Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the bureau of public health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any such sewer facilities, where sewage will flow by gravity or be transported by such other methods approved by the bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, from such houses, dwellings or buildings into such sewer facilities, to connect with and use such sewer facilities, and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such houses, dwellings and buildings where there is such gravity flow or transportation by such other methods approved by the bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, and such houses, dwellings and buildings can be adequately served by the sewer facilities of the district, and it is hereby found, determined and declared that the mandatory use of such sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of such districts and of the state: Provided, That if the public service district determines that the property owner must connect with the sewer facilities even when sewage from such dwellings may not flow to the main line by gravity and the property owner must incur costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for such changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump, or any other method approved by the bureau of public health; maintenance and operation costs for such extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of such petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near such sewer facility, and the engineer for the district has certified that such sewer facilities are available to and are adequate to serve such owner, tenant or occupant, and sewage will flow by gravity or be transported by such other methods approved by the bureau of public health from such house, dwelling or building into such sewer facilities, the district may charge, and such owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner.

Whenever any district has made available a stormwater system to any owner tenant or occupant of any real property located near such stormwater system and where stormwater from such real property affects or drains into such stormwater system, it is hereby found, determined and declared that such owner, tenant or occupant is being served by such stormwater system, and it is further hereby found, determined and declared that the mandatory use of such stormwater system is necessary and essential for the health and welfare of the inhabitants and residents of such district and of the state. The district may charge, and such owner, tenant or occupant shall pay the rates, fees and charges for stormwater services established under this article only after thirty day notice of the availability of the stormwater system has been received by the owner.

All delinquent fees, rates and charges of the district for either water facilities sewer facilities, stormwater systems or stormwater management systems or gas facilities are liens on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer, stormwater or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts.

Anything in this section to the contrary notwithstanding, any establishment as defined in section three, article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven, article eleven, chapter twenty-two of this code, is exempt from the provisions of this section.'16-13A-14. Items included in cost of properties.

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, water quality improvement activities necessary to comply with all federal and state requirements; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same

operation, and the performance of the things herein required or permitted, in connection with any thereof.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1989, c. 174; Acts 1994, c. 61; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Law Review and Journal Commentaries

The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ? John W. Fisher, II, 98 W. Va. L. Rev. 449 (1996).

Library References

Key Numbers

Gas ⇐14.6.
Municipal Corporations ⇐712(7)–712(8).
Waters and Water Courses ⇐203.
Westlaw Key Number Searches: 190k14.6; 268k712(7) to 268k712(8); 405k203.

Encyclopedias

C.J.S. Gas §§ 84 to 86.
C.J.S. Municipal Corporations § 1538.
C.J.S. Waters § 284.

Notes of Decisions

Notice of availability of sewer service 5
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Takings 2
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1. Validity

In statute authorizing creation of public service districts, provision for delinquent fixed rates and charges for services rendered to be lien on premises served was not unconstitutional as depriving owners of property without due process of law or as violating Fourteenth Amendment of United States Constitution or applicable provisions of State Constitution. Acts 1953, c. 147, § 1 et seq.; Const. art. 3, §§ 9, 10; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 300(1)

2. Takings

Public service district's requiring property owner to connect onto its sewer system and to abandon private sewer system located on property was not a taking of private property without just compensation. Const. Art. 3, § 9; Code, 16–13A–9; U.S.C.A. Const.Amend. 5. Kingmill Valley Public Service Dist. v. Riverview Estates Mobile Home Park, Inc., 1989, 386 S.E.2d 483, 182 W.Va. 116. Eminent Domain ⇐ 2(10)

Statute providing that private property may be taken or damaged for a number of specified purposes amounts to legislative declaration of public purposes within meaning of laws, and it is a judicial question whether such declaration is consonant with organic law. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 70.1(8)

3. Public service district liens

Public service district liens must be docketed to be enforceable against purchaser of property for valuable consideration, without notice. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Gas ⇐ 14.6

Public service district's failure to docket notice of lien prior to date purchaser recorded deed of trust prevented district from enforcing sewer lien against purchaser. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Municipal Corporations ⇐ 712(7)

If owner, tenant or occupant of garage apartment did not receive notice that public service district's sewer facilities were available for apartment, district would have been without statutory authority to impose charges and a lien against apartment for sewer services, though the apartment was on a lot containing another dwelling which was properly subject to sewer service charges. Code, 16–13A–9, 16–13A–21. Rhodes v. Malden Public Service Dist., 1983, 301 S.E.2d 601, 171 W.Va. 645. Municipal Corporations ⇐ 712(7)

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl,

Note 3

1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222

4. Rates and charges for service

Statute clearly and unambiguously gives Public Service Commission (PSC) power to reduce or increase utility rates whenever it finds that existing rate is unjust, unreasonable, insufficient, or unjustly discriminatory or otherwise in violation of any provision of legislation governing Commission. Code, 24–1–1 et seq., 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⇐ 123

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 110

Duty imposed on public service district, a public corporation and political subdivision of state, to establish rates and charges sufficient to pay cost of maintenance, operation and depreciation of properties of district and principal of and interest on all bonds issued by district is nondiscretionary duty which may be enforced by mandamus. Code, 16–13A–9. State ex rel Allstate Ins. Co. v. Union Public Service Dist. 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 80

5. Notice of availability of sewer service

Issue of fact as to whether owner or tenant had received notice that public service district's sewer services were available for garage apartment, so as to allow imposition of sewer service charges and a lien against apartment, was not appropriate for resolution in mandamus proceeding. Code, 16–13A–9, 16–13A–21. Rhode v. Malden Public Service Dist., 1983, 30 S.E.2d 601, 171 W.Va. 645. Mandamus ⇐ 17

§ 16–13A–9a. Limitations with respect to foreclosure

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine or nineteen of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought.

Acts 1982, c. 74.

Library References

Key Numbers
Gas ⇐14.6.
Municipal Corporations ⇐712(7)–712(8).
Waters and Water Courses ⇐203.
Westlaw Key Number Searches: 190k14.6; 268k712(7) to 268k712(8); 405k203.

Encyclopedias
C.J.S. Gas §§ 84 to 86.
C.J.S. Municipal Corporations § 1538.
C.J.S. Waters § 284.

§ 16–13A–10. Budget

The board shall establish the beginning and ending of its fiscal year, which period shall constitute its budget year, and at least thirty days prior to the beginning of the first full fiscal year after the creation of the district an

annually thereafter the general manager shall prepare and submit to the board a tentative budget which shall include all operation and maintenance expenses, payments to a capital replacement account and bond payment schedules for the ensuing fiscal year. Such tentative budget shall be considered by the board, and, subject to any revisions or amendments that may be determined by the board, shall be adopted as the budget for the ensuing fiscal year. Upon adoption of the budget, a copy of the budget shall be forwarded to the county commission. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the board.

Acts 1953, c. 147; Acts 1981, c. 124.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 110

§ 16–13A–11. Accounts; audit

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine, chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

The treasurer of each public service district shall keep and preserve all financial records of the public service district for ten years, and shall at all times have such records readily available for public inspection. At the end of his term of office, the treasurer of each public service district shall promptly deliver all financial records of the public service district to his successor in office. Any treasurer of a public service district who knowingly or willfully violates any provision of this section is guilty of a misdemeanor, and shall be fined not less than one hundred dollars nor more than five hundred dollars or imprisoned in the county jail not more than ten days, or both.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81.

§ 16–13A–12. Disbursement of district funds

No money may be paid out by a district except upon an order signed by the chairman and secretary of such board, or such other person or persons authorized by the chairman or secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the board. Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Key Numbers
Counties ⇐158.
Municipal Corporations ⇐883.
Westlaw Key Number Searches: 104k158; 268k883.

Encyclopedias
C.J.S. Counties § 198.
C.J.S. Municipal Corporations §§ 1626, 1635.

§ 16–13A–13. Revenue bonds

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed

nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolution or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized.

Acts 1953, c. 147; Acts 1970, c. 11; Acts 1970, c. 12; Acts 1970, 1st Ex. Sess., c. 2; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 1989, c. 174.

Library References

Key Numbers

Counties ⇐174.
Municipal Corporations ⇐911.
Westlaw Key Number Searches: 104k174; 268k911.

Encyclopedias

C.J.S. Counties § 220.
C.J.S. Municipal Corporations § 1649.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 110

§ 16–13A–14. Items included in cost of properties

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

Acts 1953, c. 147.

§ 16–13A–15. Bonds may be secured by trust indenture

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the State of West Virginia, but no such trust indenture shall convey,

mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee.

Acts 1953, c. 147.

Library References

Key Numbers
Counties ⇐183.
Municipal Corporations ⇐950(15).
Westlaw Key Number Searches: 104k183; 268k950(15).

Encyclopedias
C.J.S. Counties § 222.
C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 16–13A–16. Sinking fund for revenue bonds

At or before the time of the issuance of any bonds under this article the board shall by resolution or in the trust indenture provide for the creation of a sinking fund and for monthly payments into such fund from the revenues of the public service properties operated by the district such sums in excess of the cost of maintenance and operation of such properties as will be sufficient to pay the accruing interest and retire the bonds at or before the time each will respectively become due and to establish and maintain reserves therefor. All sums which are or should be, in accordance with such provisions, paid into such sinking fund shall be used solely for payment of interest and for the retirement of such bonds at or prior to maturity as may be provided or required by such resolutions.

Acts 1953, c. 147.

Library References

Key Numbers
Counties ⇐186.5.
Municipal Corporations ⇐951.
Westlaw Key Number Searches: 104k186.5; 268k951.

Encyclopedias
C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1704 to 1705.

§ 16–13A–17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided.

Acts 1953, c. 147.

Library References

Key Numbers

Counties ⇐188.
Municipal Corporations ⇐937, 955.
Westlaw Key Number Searches: 104k188; 268k937; 268k955.

Encyclopedias

C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1707, 1711.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operation al and maintenance expenses, to pay, when due principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 15 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 110

§ 16–13A–18. Operating contracts

The board may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the public service properties within the district, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between the board and such persons, firms or corporations. The board shall have power to provide in the resolution authorizing the issuance of bonds, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the district as long as any of said bonds, or interest thereon, are outstanding and unpaid.

Acts 1953, c. 147.

Library References

Key Numbers
Counties ⇐114.
Municipal Corporations ⇐328.
Westlaw Key Number Searches: 104k114; 268k328.

Encyclopedias
C.J.S. Counties § 161.
C.J.S. Municipal Corporations §§ 1027 to 1029.

§ 16–13A–18a. Sale, lease or rental of water, sewer, stormwater or gas system by district; distribution of proceeds

In any case where a public service district owns a water, sewer, stormwater or gas system, and a majority of not less than sixty percent of the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer, stormwater or gas system to any municipality or privately-owned water, sewer, stormwater or gas system, or to any water, sewer, stormwater or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer, stormwater or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon: (1) The publication of notice of a hearing before the board of the public service district, as a Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, in a newspaper published and of general circulation in the county or counties wherein the district is located, such publication to be made not earlier than twenty days and not later than seven days prior to the hearing; (2) approval by the county commission or commissions of the county or counties in

Note 1

which the district operates; and (3) approval by the public service commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer, stormwater or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer, stormwater or gas system is located to be placed in the general funds of such county commission.

Acts 1963, c. 75; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 160, eff. 90 days after April 10, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Key Numbers

Counties ⇐110.
Municipal Corporations ⇐225.
Westlaw Key Number Searches: 104k110; 268k225.

Encyclopedias

C.J.S. Counties §§ 148 to 149.
C.J.S. Municipal Corporations § 882.

§ 16–13A–19. Statutory mortgage lien created; foreclosure thereof

There shall be and is hereby created a statutory mortgage lien upon such public service properties of the district, which shall exist in favor of the holders of bonds hereby authorized to be issued, and each of them, and the coupons attached to said bonds, and such public service properties shall remain subject to such statutory mortgage lien until payment in full of all principal of and interest on such bonds. Any holder of such bonds, of any coupons attached thereto, may, either at law or in equity, enforce said statutory mortgage lien conferred hereby and upon default in the payment of the principal of or interest on said bonds, may foreclose such statutory mortgage lien in the manner now provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

Acts 1953, c. 147.

Library References

Key Numbers

Counties ⇐183.
Municipal Corporations ⇐950(15).
Westlaw Key Number Searches: 104k183; 268k950(15).

Encyclopedias

C.J.S. Counties § 222.
C.J.S. Municipal Corporations §§ 1708 to 1709.

Notes of Decisions

In general 1

1. In general

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222

§ 16–13A–20. Refunding revenue bonds

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded.

Acts 1953, c. 147.

Library References

Key Numbers
Counties ⇐175.
Municipal Corporations ⇐913.
Westlaw Key Number Searches: 104k175; 268k913.

Encyclopedias
C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.

§ 16–13A–21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption

This article is full and complete authority for the creation of public service districts and for carrying out the powers and duties of same as herein provided. The provisions of this article shall be liberally construed to accomplish its purpose and no procedure or proceedings, notices, consents or approvals, are required in connection therewith except as may be prescribed by this article: Provided, That all functions, powers and duties of the public service commission of West Virginia, the bureau of public health, the division of environmental protection and the environmental quality board remain unaffected by this article. Every district organized, consolidated, merged or expanded under this article is a public instrumentality created and functioning in the interest and for the benefit of the public, and its property and income and any bonds issued by it are exempt from taxation by the state of West Virginia, and the other taxing bodies of the state: Provided, however, That the board of any such district may use and apply any of its available revenues and income for the payment of what such board determines to be tax or license fee equivalents to any local taxing body and in any proceedings for the issuance of bonds of such district may reserve the right to annually pay a fixed or computable sum to such taxing bodies as such tax or license fee equivalent.

Acts 1953, c. 147; Acts 1986, c. 81; Acts 1994, c. 61.

Library References

Key Numbers
Counties ⇐18.
Municipal Corporations ⇐5 to 6.
Westlaw Key Number Searches: 104k18; 268k5 to 268k6.

Encyclopedias
C.J.S. Counties §§ 31 to 33.
C.J.S. Municipal Corporations § 12.

Notes of Decisions

In general 2
Validity 1

1. Validity

Statute authorizing creation of public service districts violates no provision of State Constitution, nor is it violative of Fourteenth Amendment to United States Constitution. Act 1953, c. 147; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 278(2)

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 56

2. In general

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 123(3)

§ 16–13A–22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards

All acts and proceedings taken by any county court of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect, for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city, incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article.

Acts 1958, c. 14; Acts 1960, c. 19.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Key Numbers
Counties ⇐18.
Municipal Corporations ⇐5 to 7.
Westlaw Key Number Searches: 104k18; 268k5 to 268k7.

Encyclopedias
C.J.S. Counties §§ 31 to 33.
C.J.S. Municipal Corporations §§ 12 to 13.

§ 16–13A–23. Validation of acts and proceedings of public service boards

All acts and proceedings taken by any public service board the members of which were appointed, prior to the date this section takes effect, by any county court of this State having territorial jurisdiction thereof, are hereby validated, ratified, approved and confirmed, as to defects and irregularities which may otherwise exist on account of their appointment and qualification: Provided, however, That nothing herein contained shall be construed to excuse a criminal act.

Acts 1958, c. 14; Acts 1960, c. 19; Acts 1965, c. 134.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Key Numbers
Counties ⇐47.
Municipal Corporations ⇐166.
Westlaw Key Number Searches: 104k47; 268k166.

Encyclopedias
C.J.S. Counties §§ 70 to 73.
C.J.S. Municipal Corporations § 369.

§ 16–13A–24. Acceptance of loans, grants or temporary advances

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems, stormwater systems or stormwater management systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system, stormwater system or associated stormwater management system or gas facilities, or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of

payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

Acts 1958, c. 14; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 118; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Key Numbers

Counties ⇐149.
Municipal Corporations ⇐864(3).
Westlaw Key Number Searches: 104k149; 268k864(3).

Encyclopedias

C.J.S. Counties §§ 185, 187.
C.J.S. Municipal Corporations § 1589.

Notes of Decisions

In general 1

1. In general

The borrowing by PSD's of money from counties and/or municipalities, as evidenced by a note, is permissible borrowing under this section. Matko, Op.Atty.Gen., May 6, 1988.

§ 16-13A-25. Borrowing and bond issuance; procedure

Notwithstanding any other provisions of this article to the contrary, a public service district shall not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen, twenty or twenty-four of this article, without the prior consent and approval of the public service commission. The public service commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, evidence of compliance with chapter five-g of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to: (1) Experience with the same engineering firm in the past two years requiring engineering services; or (2) completion of a construction project within the past two years requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver. Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions of chapter twenty-four of this code, when a public service district is seeking to acquire or construct public service property.

Thirty days prior to making formal application for the certificate, the public service district shall prefile with the public service commission its plans and supporting information for the project and shall publish a Class II legal advertisement in a newspaper or newspapers of general circulation in each city, incorporated town or municipal corporation if available in the public service district, which legal advertisement shall state:

(a) The amount of money to be borrowed, or the amount of revenue bonds to be issued: Provided, That if the amount is an estimate, the notice may be stated in terms of an amount "not to exceed" a specific amount;

(b) The interest rate and terms of the loan or bonds: Provided, That if the interest rate is an estimate, the notice may be stated in terms of a rate "not to exceed" a specific rate;

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

(d) The anticipated rates which will be charged by the public service district: Provided, That if the rates are an estimate, the notice may be stated in terms of rates "not to exceed" a specific rate; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the public service commission. The public service commission may grant its consent and approval for the certificate, or any other request for approval under this section, subject to such terms and conditions as may be necessary for the protection of the public interest, pursuant to the provisions of chapter twenty-four of this code, or may withhold such consent and approval for the protection of the public interest.

In the event of disapproval, the reasons for the disapproval shall be assigned in writing by the commission.

Acts 1969, 1st Ex. Sess., c. 6; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1996, c. 213, eff. 90 days after March 9, 1996; Acts 1997, c. 159, eff. 90 days after April 12, 1997.

Library References

Key Numbers

Counties ⇐114, 153, 176.
Municipal Corporations ⇐328, 869, 917.
Public Utilities ⇐145.
Westlaw Key Number Searches: 104k114; 104k153; 104k176; 268k328; 268k869; 268k917; 317Ak145.

Encyclopedias

C.J.S. Counties §§ 161, 186, 221.
C.J.S. Municipal Corporations §§ 1027 to 1029, 1609, 1658 to 1660.
C.J.S. Public Utilities §§ 18, 65 to 67.

Notes of Decisions

In general 1
Certificate of public convenience and necessity 2

1. In general

Proposed sewage treatment project complied with buffer zone requirements where all parties acknowledged that distance of proposed sewage lagoons from property owners' home was further than minimum buffer-zone requirement of 300 feet; Public Service Commission relied on ample evidence in record to support claim that proposed location was both cost-effective and environmentally sound. Code, 16–13A–25, 24–2–11, 24–2–11(a). Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Municipal Corporations ⇐ 708

2. Certificate of public convenience and necessity

Public Service district must obtain certificate of public convenience and necessity before it

can acquire or construct public service property. Code, 16-13A-25. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305.
Public Utilities ⇐ 113

West's

Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

Chapter 16

2007
Cumulative Annual Pocket Part

Replacing 2006 Pocket Part supplementing 2002 Main Volume

Includes laws through the 2007 First Extraordinary Session

THOMSON
WEST

Mat #40632159

f each and every lot, parcel of real estate or
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service rates, fees and charges in the event
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troduced or as modified and amended, shall
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the board having charge of the operation of
of the municipality, and shall be open to
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, fees or charges may be made in the same
inally established as hereinbefore provided:

Provided, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice shall be required. The aggregate of the rates, fees or charges shall always be sufficient for such expense of operation, repair and maintenance and for such sinking fund payments.

(k) All rates, fees or charges, if not paid when due, shall constitute a lien upon the premises served by such works. If any service rate, fees or charge so established is not paid within twenty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the board in a civil action in the name of the municipality, and in connection with such action said lien may be foreclosed against such lot, parcel of land or building, in accordance with the laws relating thereto: *Provided,* That where both water and sewer services are furnished by any municipality to any premises the schedule of charges may be billed as a single amount or individually itemized and billed for the aggregate thereof.

(l) Whenever any rates, rentals, fees or charges for services or facilities furnished shall remain unpaid for a period of twenty days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities shall be delinquent until such time as all rates, fees and charges are fully paid. When any payment for rates, rentals, fees or charges becomes delinquent, the governing body may use the security deposit to satisfy the delinquent payment.

(m) The board collecting such rates, fees or charges shall be obligated under reasonable rules to shut off and discontinue both water and sewer services to all delinquent users of either water facilities, or sewer facilities or both, and shall not restore either water facilities or sewer facilities, to any delinquent user of either until all delinquent rates, fees or charges for both water facilities, and sewer facilities, including reasonable interest and penalty charges, have been paid in full.

Acts 1933, Ex. Sess., c. 25, § 16; Acts 1933, 2nd Ex. Sess., c. 48; Acts 1959, c. 125; Acts 1967, c. 105; Acts 2001, c. 212, eff. 90 days after April 14, 2001; Acts 2004, c. 185, eff. 90 days after March 12, 2004.

§ 16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members

Notes of Decisions

Funds 3
Membership of sanitary boards 1.5

1.5. Membership of sanitary boards

Where sanitary board created by municipality optional for either mayor or city manager, (but not both) to be appointed to board. 52 W.Va. Op.Atty. Gen. 217 (February 9, 1967) 1967 WL 93382.

3. Funds

Charleston Sanitary Board treasurer must deliver funds collected from sewer system users to Charleston city treasurer. 52 W.Va. Op.Atty.Gen. 497 (October 6, 1967) 1967 WL 93425.

ARTICLE 13A

PUBLIC SERVICE DISTRICTS

Section		Section	
16-13A-2.	Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the Secretary of State.	16-13A-9.	Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-4.	Board chairman; members' compensation; procedure; district name.	16-13A-14.	Items included in cost of properties.
		16-13A-25.	Borrowing and bond issuance; procedure.

§ 16–13A–1. Legislative findings

Notes of Decisions

2. In general

A county court may use Federal Revenue Sharing Funds for ordinary and necessary maintenance and operating expenses for sewage disposal, sanitation, and pollution abatement, and ordinary and necessary capital expenditures authorized by but may not use such funds for matching purpo under any other federal-aid program. 55 W. Op.Atty.Gen. 116 (June 27, 1973) 1973 WL 1591

§ 16–13A–2. Creation of districts by county commission; enlarging, reducin merging, or dissolving district; consolidation; agreements, et infringing upon powers of county commission; filing list members and districts with the Secretary of State

(a) The county commission of any county may propose the creation, enlargement, redu tion, merger, dissolution, or consolidation of a public service district by any of the followi methods: (1) On its own motion by order duly adopted, (2) upon the recommendation of t Public Service Commission, or (3) by petition of twenty-five percent of the registered vote who reside within the limits of the proposed public service district within one or mo counties. The petition shall contain a description, including metes and bounds, sufficient identify the territory to be embraced therein and the name of such proposed distric *Provided*, That after the effective date of this section, no new public service district shall b created, enlarged, reduced, merged, dissolved or consolidated under this section without th written consent and approval of the Public Service Commission, which approval and consen shall be in accordance with rules promulgated by the Public Service Commission and ma only be requested after consent is given by the appropriate county commission or commi sions pursuant to this section. Any territory may be included regardless of whether or no the territory includes one or more cities, incorporated towns or other municipal corporation which own and operate any public service properties and regardless of whether or not includes one or more cities, incorporated towns or other municipal corporations being serve by privately owned public service properties: *Provided, however*, That the same territor shall not be included within the boundaries of more than one public service district excep where the territory or part thereof is included within the boundaries of a separate publi service district organized to supply water, sewerage services, stormwater services or ga facilities not being furnished within such territory or part thereof: *Provided further*, That n city, incorporated town or other municipal corporation shall be included within the boundarie of the proposed district except upon the adoption of a resolution of the governing body of th city, incorporated town or other municipal corporation consenting.

(b) The petition shall be filed in the office of the clerk of the county commission of th county in which the territory to constitute the proposed district is situated, and if th territory is situated in more than one county, then the petition shall be filed in the office o the clerk of the county commission of the county in which the major portion of the territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of the county at the first regular meeting after the filing or at a special meeting called for the consideration thereof.

(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. Within ten days of fixing the date of hearing, the county commission shall provide the Executive Secretary of the Public Service Commission with a copy of the order or petition and notification of the time and place of the hearing to be held by the county commission. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county

commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for the publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to the hearing.

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge, dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the Public Service Commission for such purpose: *Provided*, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the Public Service Commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: *Provided, however*, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the Public Service Commission. The Public Service Commission may provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The Public Service Commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the Public Service Commission pursuant to this section and section one-b, of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where

facilities, equipment, service or materials have not been extended, or dissolve the district i inactive or create or consolidate two or more such districts. If consolidation of districts is no feasible, the county commission may consolidate and centralize management and administra tion of districts within its county or multi-county area to achieve efficiency of operations *Provided,* That where the county commission determines on its own motion by order entere of record, or there is a petition to enlarge the district, merge and consolidate districts, or th management and administration thereof, reduce the area of the district or dissolve the distric if inactive, all of the applicable provisions of this article providing for hearing, notice o hearing and approval by the Public Service Commission shall apply. The Commission shall a all times attempt to bring about the enlargement or merger of existing public service district in order to provide increased services and to eliminate the need for creation of new publi service districts in those areas which are not currently serviced by a public service district *Provided, however,* That where two or more public service districts are consolidated pursuan to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the Secretary of State and the Public Service Commission by the first day of July of each year.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1967, c. 105; Acts 1975, c. 140; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1995, c. 125, eff. 90 days after March 11, 1995; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2005, c. 195, eff. 90 days after April 9, 2005.

Notes of Decisions

Referendum 7

7. Referendum

A public service district, once created by county court, not subject to referendum on issue to continue or be abolished. 52 W.Va. Op.Atty.Gen. 33 (August 11, 1966) 1966 WL 87428.

§ 16–13A–3. District to be a public corporation and political subdivision; powers thereof; public service boards

Law Review and Journal Commentaries

"Yes, West Virginia, there is a special priority for the purchase money mortgage:" The recognition of purchase money mortgage priority in West Virginia. Abraham M. Ashton, 107 W. Va. L. Rev. 525 (2005).

Notes of Decisions

Removal of members 3.5
Sale of water 5

3.5. Removal of members

Public Service District board member can be removed by majority vote of registered voters. 51 W.Va. Op.Atty.Gen. 564 (November 10, 1965) 1965 WL 92492.

5. Sale of water

Public Service Districts may sell, at wholesale, bulk water to other municipal corporations. 51 W.Va. Op.Atty.Gen. 739 (March 16, 1966) 1966 WL 87469.

§ 16–13A–4. Board chairman; members' compensation; procedure; district name

(a) The chairman shall preside at all meetings of the board and may vote as any other member of the board. If the chairman is absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting.

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to seventy-five dollars per ttendance at regular monthly meetings and fifty dollars per attendance at additional special ieetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with six hundred customers or more but fewer than two thousand ustomers, up to one hundred dollars per attendance at regular monthly meetings and eventy-five dollars per attendance at additional special meetings, total salary not to exceed vo thousand five hundred fifty dollars per annum;

(3) For districts with two thousand customers or more, up to one hundred twenty-five ollars per attendance at regular monthly meetings and seventy-five dollars per attendance at ldditional special meetings, total salary not to exceed three thousand seven hundred fifty ollars per annum; and

(4) For districts with four thousand or more customers, up to one hundred fifty dollars per ttendance at regular monthly meetings and one hundred dollars per attendance at additional ecial meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served to the Public ervice Commission beginning on the first day of July, one thousand nine hundred eighty-six, id continue each fiscal year thereafter.

(c) Public service districts selling water to other water utilities for resale may adopt the llowing salaries for its board members:

(1) For districts with annual revenues of less than fifty thousand dollars, up to seventy-five ollars per attendance at regular monthly meetings and fifty dollars per attendance at ldditional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with annual revenues of fifty thousand dollars or more, but less than two ndred fifty thousand dollars, up to one hundred dollars per attendance at regular monthly eetings and seventy-five dollars per attendance at special meetings, total salary not to ceed two thousand five hundred fifty dollars per annum;

(3) For districts with annual revenues of two hundred fifty thousand dollars or more, but ss than five hundred thousand dollars, up to one hundred twenty-five dollars per attendance regular monthly meetings and seventy-five dollars per attendance at additional special eetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; d

(4) For districts with annual revenues of five hundred thousand dollars or more, up to one ndred fifty dollars per attendance at regular monthly meetings and one hundred dollars r attendance at additional special meetings, total salary not to exceed five thousand four ndred dollars per annum.

The public service district shall certify the number of customers served and its annual venue to the public service commission beginning on the first day of July, two thousand, d continue each fiscal year thereafter.

(d) Board members may be reimbursed for all reasonable and necessary expenses actually urred in the performance of their duties as provided for by the rules of the board.

(e) The board shall by resolution determine its own rules of procedure, fix the time and ace of its meetings and the manner in which special meetings may be called. Public notice meetings shall be given in accordance with section three, article nine-a, chapter six of this de. Emergency meetings may be called as provided for by said section. A majority of the mbers constituting the board also constitute a quorum to do business.

(f) The members of the board are not personally liable or responsible for any obligations of district or the board, but are answerable only for willful misconduct in the performance of eir duties. The county commission which created a district or county commissions if more an one created the district may, upon written request of the district, adopt an order anging the official name of a public service district: *Provided*, That such name change will be effective until approved by the public service commission of West Virginia and the ners of any bonds and notes issued by the district, if any, shall have consented, in writing, the name change. If a district includes territory located in more than one county, the unty commission or county commissions changing the name of the district shall provide any

county commission into which the district also extends with a certified copy of the order changing the name of the district. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2000, c. 199, eff. 90 days after March 11, 2000; Acts 2005, c. 196, eff. 90 days after April 8, 2005.

§ 16–13A–9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees

(a)(1) The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district. The board shall establish rates, fees and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of the public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds under this article. The schedule of the rates, fees and charges may be based upon:

(A) The consumption of water or gas on premises connected with the facilities, taking into consideration domestic, commercial, industrial and public use of water and gas;

(B) The number and kind of fixtures connected with the facilities located on the various premises;

(C) The number of persons served by the facilities;

(D) Any combination of paragraphs (A), (B) and (C) of this subdivision; or

(E) May be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements or stormwater facilities constructed, owned or operated by the West Virginia division of highways.

(2) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate of the charges. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. Notwithstanding the provisions of section eight, article three, chapter twenty-four of this code to the contrary, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars, with the district to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. If a district provides both water and sewer service, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage for water service or fifty dollars and the greater of a sum equal to two twelfths of the average annual usage for wastewater service of the applicant's specific customer class or fifty dollars. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another deposit equal to the greater of a sum equal to two twelfths of the average usage for the applicant's specific customer class or fifty dollars has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the public service commission may prescribe: *Provided,* That where the customer is a tenant, the district is not required to return the deposit until the time the tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same

come due and payable, the user of the services and facilities provided is delinquent and the er is liable at law until all rates, fees and charges are fully paid. The board may, under asonable rules promulgated by the public service commission, shut off and discontinue ter or gas services to all delinquent users of either water or gas facilities, or both, ten days er the water or gas services become delinquent.

(b) In the event that any publicly or privately owned utility, city, incorporated town, other nicipal corporation or other public service district included within the district owns and erates separately either water facilities or sewer facilities, and the district owns and erates the other kind of facilities either water or sewer, as the case may be, then the trict and the publicly or privately owned utility, city, incorporated town or other municipal poration or other public service district shall covenant and contract with each other to shut and discontinue the supplying of water service for the nonpayment of sewer service fees l charges: *Provided*, That any contracts entered into by a public service district pursuant this section shall be submitted to the public service commission for approval. Any public vice district providing water and sewer service to its customers has the right to terminate ter service for delinquency in payment of either water or sewer bills. Where one public vice district is providing sewer service and another public service district or a municipality luded within the boundaries of the sewer district is providing water service, and the trict providing sewer service experiences a delinquency in payment, the district or the nicipality included within the boundaries of the sewer district that is providing water vice, upon the request of the district providing sewer service to the delinquent account, ll terminate its water service to the customer having the delinquent sewer account: *vided, however*, That any termination of water service must comply with all rules and lers of the public service commission.

(c) Any district furnishing sewer facilities within the district may require, or may by ition to the circuit court of the county in which the property is located, compel or may uire the division of health to compel all owners, tenants or occupants of any houses, ellings and buildings located near any sewer facilities where sewage will flow by gravity or transported by other methods approved by the division of health, including, but not limited vacuum and pressure systems, approved under the provisions of section nine, article one, pter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, connect with and use the sewer facilities and to cease the use of all other means for the ection, treatment and disposal of sewage and waste matters from the houses, dwellings l buildings where there is gravity flow or transportation by any other methods approved the division of health, including, but not limited to, vacuum and pressure systems, roved under the provisions of section nine, article one, chapter sixteen of this code and the ses, dwellings and buildings can be adequately served by the sewer facilities of the district it is declared that the mandatory use of the sewer facilities provided for in this paragraph ecessary and essential for the health and welfare of the inhabitants and residents of the ricts and of the state. If the public service district requires the property owner to connect the sewer facilities even when sewage from dwellings may not flow to the main line by vity and the property owner incurs costs for any changes in the existing dwellings' erior plumbing in order to connect to the main sewer line, the public service district board ll authorize the district to pay all reasonable costs for the changes in the exterior nbing, including, but not limited to, installation, operation, maintenance and purchase of a mp or any other method approved by the division of health. Maintenance and operation s for the extra installation should be reflected in the users charge for approval of the lic service commission. The circuit court shall adjudicate the merits of the petition by mmary hearing to be held not later than thirty days after service of petition to the ropriate owners, tenants or occupants.

(d) Whenever any district has made available sewer facilities to any owner, tenant or upant of any house, dwelling or building located near the sewer facility and the engineer the district has certified that the sewer facilities are available to and are adequate to serve owner, tenant or occupant and sewage will flow by gravity or be transported by other hods approved by the division of health from the house, dwelling or building into the er facilities, the district may charge, and the owner, tenant or occupant shall pay the rates charges for services established under this article only after thirty-day notice of the lability of the facilities has been received by the owner, tenant or occupant. Rates and

charges for sewage services shall be based upon actual water consumption or the average monthly water consumption based upon the owner's, tenant's or occupant's specific customer class.

(e) Whenever any district has made available a stormwater system to any owner, tenant or occupant of any real property located near the stormwater system and where stormwater from real property affects or drains into the stormwater system, it is hereby found, determined and declared that the owner, tenant or occupant is being served by the stormwater system and it is further hereby found, determined and declared that the mandatory use of the stormwater system is necessary and essential for the health and welfare of the inhabitants and residents of the district and of the state. The district may charge, and the owner, tenant or occupant shall pay the rates, fees and charges for stormwater services established under this article only after thirty-day notice of the availability of the stormwater system has been received by the owner.

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer, stormwater or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts: *Provided,* That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor may any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the public service district to purchase the services or facilities.

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined in section three, article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven, article eleven, chapter twenty-two of this code, is exempt from the provisions of this section.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1989, c. 174; Acts 1994, c. 61; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2003, c. 183, eff. 90 days after March 8, 2003.

Law Review and Journal Commentaries

"Yes, West Virginia, there is a special priority for the purchase money mortgage:" The recognition of purchase money mortgage priority in West Virginia. Abraham M. Ashton, 107 W. Va. L. Rev. 525 (2005).

§ 16–13A–13. Revenue bonds

Notes of Decisions

1. In general

Two acts amending same Code section in same manner except as to maximum interest rate of bonds, enacted on same date at same legislative session, and impossible to determine which passed after the other, that having lower maximum interest rate will govern. 53 W.Va. Op.Atty.Gen. 418 (April 8, 1970) 1970 WL 116579.

§ 16–13A–14. Items included in cost of properties

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, water quality

nprovement activities necessary to comply with all federal and state requirements; interest pon bonds prior to and during construction or acquisition and for six months after ompletion of construction or of acquisition of the improvements and extensions; engineering, iscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for lans, specifications and surveys; other expenses necessary or incident to determining the easibility or practicability of the enterprise, administrative expense, and such other expenses s may be necessary or incident to the financing herein authorized, and the construction or equisition of the properties and the placing of same in operation, and the performance of the ings herein required or permitted, in connection with any thereof.

cts 1953, c. 147; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

16–13A–25. Borrowing and bond issuance; procedure

(a) Notwithstanding any other provisions of this article to the contrary, a public service istrict may not borrow money, enter into contracts for the provision of engineering, design r feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers onferred by the provisions of section thirteen, twenty or twenty-four of this article without ie prior consent and approval of the Public Service Commission: *Provided*, That approval of nding set forth in section eleven, article two, chapter twenty-four of this code or this section not required if the funding is for a project which has received a certificate of public onvenience and necessity after the eighth day of July, two thousand five, from the ommission and where the cost of the project changes but the change does not affect the rates stablished for the project.

(b) The Public Service Commission may waive the provision of prior consent and approval ir entering into contracts for engineering, design or feasibility studies pursuant to this ection for good cause shown which is evidenced by the public service district filing a request r waiver of this section stated in a letter directed to the commission with a brief description the project, a verified statement by the board members that the public service district has omplied with chapter five-g of this code, and further explanation of ability to evaluate their wn engineering contract, including, but not limited to:

(1) Experience with the same engineering firm; or

(2) Completion of a construction project requiring engineering services. The district shall so forward an executed copy of the engineering contract to the commission after receiving pproval of the waiver.

(c) An engineering contract that meets one or more of the following criteria is exempt from ie waiver or approval requirements:

(1) A contract with a public service district that is a Class A utility on the first day of April, wo thousand three, or subsequently becomes a Class A utility as defined by commission rule;

(2) A contract with a public service district that does not require borrowing and that can be aid out of existing rates;

(3) A contract where the payment of engineering fees are contingent upon the receipt of nding, and commission approval of the funding, to construct the project which is the subject the contract; or

(4) A contract that does not exceed fifteen thousand dollars.

(d) Requests for approval or waivers of engineering contracts shall be deemed granted irty days after the filing date unless the staff of the Public Service Commission or a party es an objection to the request. If an objection is filed, the Public Service Commission shall sue its decision within one hundred twenty days of the filing date. In the event objection is ceived to a request for a waiver, the application shall be considered a request for waiver as ell as a request for approval in the event a waiver is not appropriate.

(e) Unless the properties to be constructed or acquired represent ordinary extensions or pairs of existing systems in the usual course of business, a public service district must first ntain a certificate of public convenience and necessity from the Public Service Commission in

accordance with the provision of chapter twenty-four of this code when a public service district is seeking to acquire or construct public service property.

Acts 1969, 1st Ex. Sess., c. 6; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1996, c. 213, eff. 90 days after March 9, 1996; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2003, c. 184, eff. 90 days after March 7, 2003; Acts 2005, c. 193, eff. 90 days after April 9, 2005; Acts 2006, c. 190, eff. 90 days after March 10, 2006.

Research References

ALR Library

101 ALR 5th 287, Remedies for Sewage Treatment Plant Alleged or Deemed to be Nuisance.

ARTICLE 13E

COMMUNITY ENHANCEMENT ACT

Section		Section	
16-13E-1.	Short title.		thereof; community enhancement boards.
16-13E-2.	Definitions.	16-13E-7.	Provisions for construction of a project.
16-13E-3.	Power and authority of counties and municipalities to create and establish community enhancement districts.	16-13E-8.	Notice to property owners of assessments; correcting and laying assessments; report on project completion; credits.
16-13E-4.	Petition for creation or expansion of community enhancement district; petition requirements.	16-13E-9.	Exemption of public property from assessments.
16-13E-5.	Notice to property owners before creation or expansion of community enhancement district and construction or acquisition of project; form of notice; affidavit of publication.	16-13E-10.	Assessment bonds; sinking fund for assessment bonds; tax exemption.
		16-13E-11.	Indebtedness of assessment district.
		16-13E-12.	Payment of assessments to sheriff; report to community enhancement district; collection of delinquent assessments.
16-13E-6.	Creation of community enhancement district; community enhancement district to be a public corporation and political subdivision; powers	16-13E-13.	Liens; recording notice of liens; priority; release of lien; notice to future property owners.
		16-13E-14.	Liberal construction.

§ 16-13E-1. Short title

This article shall be known and may be cited as the "West Virginia Community Enhancement Act".

Acts 2003, 2nd Ex. Sess., c. 14, eff. June 12, 2003.

§ 16-13E-2. Definitions

For purposes of this article:

(a) "Assessment bonds" means special obligation bonds or notes issued by a community enhancement district which are payable from the proceeds of assessments.

(b) "Assessment" means the fee, including interest, paid by the owner of real property located within a community enhancement district to pay for the cost of a project or projects constructed upon or benefitting or protecting such property and administrative expenses related thereto, which fee is in addition to all taxes and other fees levied on the property.

(c) "Board" means a community enhancement board created pursuant to this article.

(d) "Code" means the Code of West Virginia, one thousand nine hundred thirty-one, as amended.

(e) "Community enhancement district" or "district" means a community enhancement district created pursuant to this article.

Moody's Investors Service

7 World Trade Center at 250 Greenwich Street,
New York, New York 10007

February 13, 2009

Financial Security Assurance, Inc
31 West 52nd Street
New York, NY 10019

To Whom It May Concern:

Moody's Investors Service has assigned the rating of **Aa3** to the **$7,510,000.00, Berkeley County Public Service District (West Virginia) - Water Revenue Bonds, Series 2009**, dated February 17, 2009 which sold through negotiation on February 3, 2009, insured by Financial Security Assurance, Inc (Policy No. **211158-N**). The rating is the highest of (i) the guarantor's financial strength rating, (ii) any published underlying rating on the security, or (iii) any published enhanced rating based on a state credit enhancement program.

Should you have any questions regarding the above, please do not hesitate to contact Vincent Guadagno Jr. at (212) 553-2948.

Sincerely yours,

Joann Hempel

Joann Hempel
Vice President / Senior Credit Officer

JH / TM

Berkeley County Public Service District
Water Revenue Bonds, Series 2009 (Bank Qualified)
(Final Schedules)

Bonding Schedules

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Distribution of Funds
Berkeley County Public Service District
Water Revenue Bonds, Series 2009 (Bank Qualified)
(Distribution of Funds Schedule)

Pricing: February 3, 2009
Dated Date: February 17, 2009
Delivery Date: February 17, 2009

Sources of Funds:

Par Amount of Bonds		$7,510,000.00	
Less: Original Issue Discount		($75,490.50)	
Less: Underwriter's Discount (Includes Disclosure & UD Counsel)		($149,550.00)	
Total Due From Purchaser			$7,284,959.50
Total Sources of Funds			**$7,284,959.50**

Uses of Funds:

West Virginia Municipal Bond Commission		$7,150,557.82	
Deposit to Project Fund	*$6,359,670.89*		
Deposit to Debt Service Reserve Fund	*$712,080.93*		
Deposit to Capitalized Interest Fund	*$78,806.00*		
Cost of Issuance		$134,401.68	
Remit to Financial Security Assurance their Bond Insurance Premium	*$62,001.68*		
Remit to Steptoe & Johnson their Bond Counsel Fees	*$35,000.00*		
Remit to Cox Hollida their Accountant Certificate Fees	*$20,000.00*		
Remit to Moody's Investors Service their Rating Fees	*$7,800.00*		
Remit to Standard & Poor's their Rating Fees	*$6,600.00*		
Remit to United Bank their Registrar Fees	*$3,000.00*		
Total Uses:			**$7,284,959.50**

Flow of Funds
Berkeley County Public Service District
Water Revenue Bonds, Series 2009 (Bank Qualified)

(Flow of Funds Schedule)

Pricing: February 3, 2009
Dated Date: February 17, 2009
Delivery Date: February 17, 2009

From Purchaser

February 17, 2009	Wire to Financial Security Assurance their Bond Insurance Premium	$62,001.68
February 17, 2009	Wire to Municipal Bond Commission Remaining Bond Proceeds	$7,150,557.82
February 17, 2009	Wire to Berkeley County Public Service Water District Cost of Issuance	$72,400.00
Total:		$7,284,959.50

From Municipal Bond Commission

February 17, 2009	Deposit to Project Fund	$6,359,670.89
February 17, 2009	Deposit to Debt Service Reserve Fund	$712,080.93
February 17, 2009	Deposit to Capitalized Interest Fund	$78,806.00
Total:		$7,150,557.82

Wiring Instructions

Financial Security Assurance, Inc.
The Bank of New York
ABA: 021000018
Acct. Name: Financial
Security Assurance Inc.
Acct: 8900297263
Policy No.: 211158-N (Bonds)

Municipal Bond Commission
Branch Banking and Trust Co.,
Charleston, West Virginia
ABA: 051503394
Acct: 5270517317
REF: BCPSWD Series 2009

Berkeley Co Water District
Susquehanna Bank
Martinsburg, West Virginia
ABA: 055000259
Acct: 60003889445
REF: BCPSWD Series 2009

Berkeley County Public Service District

Water Revenue Bonds, Series 2009 (Bank Qualifed)

FINAL: Priced on 02.03.09 - Delivery on 02.17.09

Ratings: Aa3/Baa1 (FSA Insured)

Sources & Uses

Dated 02/17/2009 | Delivered 02/17/2009

Sources Of Funds	
Par Amount of Bonds	$7,510,000.00
Total Sources	**$7,510,000.00**

Uses Of Funds	
Original Issue Discount (OID)	75,490.50
UD Discount (Includes Disclosure & UD Counsel)	149,550.00
Costs of Issuance	75,400.00
Gross Bond Insurance Premium (55.0 bp)	62,001.68
Deposit to Debt Service Reserve Fund (DSRF)	712,080.93
Deposit to Capitalized Interest (CIF) Fund	78,806.00
Deposit to Project Fund	6,356,670.89
Total Uses	**$7,510,000.00**

Berkeley County Public Service District

Water Revenue Bonds, Series 2009 (Bank Qualifed)

FINAL: Priced on 02.03.09 - Delivery on 02.17.09

Ratings: Aa3/Baa1 (FSA Insured)

Detail Costs Of Issuance

Dated 02/17/2009 | Delivered 02/17/2009

COSTS OF ISSUANCE DETAIL

Bond Counsel Fees	$35,000.00
Accountant Fees	$20,000.00
Bond Rating Fees - Moodys Investors Service	$7,800.00
Bond Rating Fees - Standard & Poor's	$6,600.00
Bond Registrar Fees	$1,000.00
Contingency	$5,000.00
TOTAL	**$75,400.00**

Berkeley County Public Service District

Water Revenue Bonds, Series 2009 (Bank Qualifed)

FINAL: Priced on 02.03.09 - Delivery on 02.17.09

Ratings: Aa3/Baa1 (FSA Insured)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2010	Serial Coupon	2.000%	2.000%	280,000.00	100.000%	280,000.00
12/01/2011	Serial Coupon	2.200%	2.200%	290,000.00	100.000%	290,000.00
12/01/2012	Serial Coupon	2.400%	2.400%	295,000.00	100.000%	295,000.00
12/01/2013	Serial Coupon	2.600%	2.600%	250,000.00	100.000%	250,000.00
12/01/2014	Serial Coupon	2.800%	2.800%	255,000.00	100.000%	255,000.00
12/01/2015	Serial Coupon	2.800%	2.900%	265,000.00	99.385%	263,370.25
12/01/2016	Serial Coupon	3.000%	3.100%	270,000.00	99.309%	268,134.30
12/01/2017	Serial Coupon	3.000%	3.150%	660,000.00	98.853%	652,429.80
12/01/2018	Serial Coupon	3.200%	3.300%	680,000.00	99.166%	674,328.80
12/01/2021	Term 1 Coupon	4.000%	4.100%	610,000.00	99.007%	603,942.70
12/01/2023	Term 2 Coupon	4.125%	4.250%	455,000.00	98.632%	448,775.60
12/01/2025	Term 3 Coupon	4.250%	4.400%	495,000.00	98.226%	486,218.70
12/01/2026	Serial Coupon	4.375%	4.450%	865,000.00	99.079%	857,033.35
12/01/2027	Serial Coupon	4.400%	4.500%	900,000.00	98.734%	888,606.00
12/01/2028	Serial Coupon	4.400%	4.550%	940,000.00	98.050%	921,670.00
Total	-	-	-	**$7,510,000.00**	-	**$7,434,509.50**

Berkeley County Public Service District

Water Revenue Bonds, Series 2009 (Bank Qualifed)

FINAL: Priced on 02.03.09 - Delivery on 02.17.09

Ratings: Aa3/Baa1 (FSA Insured)

Pricing Summary

Bid Information

Par Amount of Bonds	$7,510,000.00
Reoffering Premium or (Discount)	(75,490.50)
Gross Production	$7,434,509.50
Total Underwriter's Discount (1.991%)	$(149,550.00)
Bond Insurance Premium paid by Underwriter	(62,001.68)
Bid (96.178%)	7,222,957.82
Total Purchase Price	$7,222,957.82
Bond Year Dollars	$94,144.56
Average Life	12.536 Years
Average Coupon	3.9970790%
Net Interest Cost (NIC)	4.3019742%
True Interest Cost (TIC)	4.3584584%

Berkeley County Public Service District

Water Revenue Bonds, Series 2009 (Bank Qualifed)

FINAL: Priced on 02.03.09 - Delivery on 02.17.09

Ratings: Aa3/Baa1 (FSA Insured)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/01/2009	-	-	78,806.00	78,806.00
12/01/2009	-	-	136,395.00	136,395.00
06/01/2010	-	-	136,395.00	136,395.00
12/01/2010	280,000.00	2.000%	136,395.00	416,395.00
06/01/2011	-	-	133,595.00	133,595.00
12/01/2011	290,000.00	2.200%	133,595.00	423,595.00
06/01/2012	-	-	130,405.00	130,405.00
12/01/2012	295,000.00	2.400%	130,405.00	425,405.00
06/01/2013	-	-	126,865.00	126,865.00
12/01/2013	250,000.00	2.600%	126,865.00	376,865.00
06/01/2014	-	-	123,615.00	123,615.00
12/01/2014	255,000.00	2.800%	123,615.00	378,615.00
06/01/2015	-	-	120,045.00	120,045.00
12/01/2015	265,000.00	2.800%	120,045.00	385,045.00
06/01/2016	-	-	116,335.00	116,335.00
12/01/2016	270,000.00	3.000%	116,335.00	386,335.00
06/01/2017	-	-	112,285.00	112,285.00
12/01/2017	660,000.00	3.000%	112,285.00	772,285.00
06/01/2018	-	-	102,385.00	102,385.00
12/01/2018	680,000.00	3.200%	102,385.00	782,385.00
06/01/2019	-	-	91,505.00	91,505.00
12/01/2019	195,000.00	4.000%	91,505.00	286,505.00
06/01/2020	-	-	87,605.00	87,605.00
12/01/2020	205,000.00	4.000%	87,605.00	292,605.00
06/01/2021	-	-	83,505.00	83,505.00
12/01/2021	210,000.00	4.000%	83,505.00	293,505.00
06/01/2022	-	-	79,305.00	79,305.00
12/01/2022	220,000.00	4.125%	79,305.00	299,305.00

Berkeley County Public Service District

Water Revenue Bonds, Series 2009 (Bank Qualifed)

FINAL: Priced on 02.03.09 - Delivery on 02.17.09

Ratings: Aa3/Baa1 (FSA Insured)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/01/2023	-	-	74,767.50	74,767.50
12/01/2023	235,000.00	4.125%	74,767.50	309,767.50
06/01/2024	-	-	69,920.63	69,920.63
12/01/2024	240,000.00	4.250%	69,920.63	309,920.63
06/01/2025	-	-	64,820.63	64,820.63
12/01/2025	255,000.00	4.250%	64,820.63	319,820.63
06/01/2026	-	-	59,401.88	59,401.88
12/01/2026	865,000.00	4.375%	59,401.88	924,401.88
06/01/2027	-	-	40,480.00	40,480.00
12/01/2027	900,000.00	4.400%	40,480.00	940,480.00
06/01/2028	-	-	20,680.00	20,680.00
12/01/2028	940,000.00	4.400%	20,680.00	960,680.00
Total	**$7,510,000.00**	-	**$3,763,032.28**	**$11,273,032.28**

Yield Statistics

Bond Year Dollars	$94,144.56
Average Life	12.536 Years
Average Coupon	3.9970790%
Net Interest Cost (NIC)	4.3019742%
True Interest Cost (TIC)	4.3584584%
Bond Yield for Arbitrage Purposes	4.1404245%
All Inclusive Cost (AIC)	4.4708523%

IRS Form 8038

Net Interest Cost	4.1285709%
Weighted Average Maturity	12.506 Years

Ross, Sinclaire & Associates, LLC
Public Finance - BNurick

Berkeley County Public Service District

Water Revenue Bonds, Series 2009 (Bank Qualifed)

FINAL: Priced on 02.03.09 - Delivery on 02.17.09

Ratings: Aa3/Baa1 (FSA Insured)

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	Cap. Interest	Net New D/S
06/01/2009	-	-	78,806.00	78,806.00	-	(78,806.00)	-
12/01/2009	-	-	136,395.00	136,395.00	-	-	136,395.00
06/01/2010	-	-	136,395.00	136,395.00	-	-	136,395.00
12/01/2010	280,000.00	2.000%	136,395.00	416,395.00	-	-	416,395.00
06/01/2011	-	-	133,595.00	133,595.00	-	-	133,595.00
12/01/2011	290,000.00	2.200%	133,595.00	423,595.00	-	-	423,595.00
06/01/2012	-	-	130,405.00	130,405.00	-	-	130,405.00
12/01/2012	295,000.00	2.400%	130,405.00	425,405.00	-	-	425,405.00
06/01/2013	-	-	126,865.00	126,865.00	-	-	126,865.00
12/01/2013	250,000.00	2.600%	126,865.00	376,865.00	-	-	376,865.00
06/01/2014	-	-	123,615.00	123,615.00	-	-	123,615.00
12/01/2014	255,000.00	2.800%	123,615.00	378,615.00	-	-	378,615.00
06/01/2015	-	-	120,045.00	120,045.00	-	-	120,045.00
12/01/2015	265,000.00	2.800%	120,045.00	385,045.00	-	-	385,045.00
06/01/2016	-	-	116,335.00	116,335.00	-	-	116,335.00
12/01/2016	270,000.00	3.000%	116,335.00	386,335.00	-	-	386,335.00
06/01/2017	-	-	112,285.00	112,285.00	-	-	112,285.00
12/01/2017	660,000.00	3.000%	112,285.00	772,285.00	-	-	772,285.00
06/01/2018	-	-	102,385.00	102,385.00	-	-	102,385.00
12/01/2018	680,000.00	3.200%	102,385.00	782,385.00	-	-	782,385.00
06/01/2019	-	-	91,505.00	91,505.00	-	-	91,505.00
12/01/2019	195,000.00	4.000%	91,505.00	286,505.00	-	-	286,505.00
06/01/2020	-	-	87,605.00	87,605.00	-	-	87,605.00
12/01/2020	205,000.00	4.000%	87,605.00	292,605.00	-	-	292,605.00
06/01/2021	-	-	83,505.00	83,505.00	-	-	83,505.00
12/01/2021	210,000.00	4.000%	83,505.00	293,505.00	-	-	293,505.00
06/01/2022	-	-	79,305.00	79,305.00	-	-	79,305.00

Berkeley County Public Service District

Water Revenue Bonds, Series 2009 (Bank Qualifed)

FINAL: Priced on 02.03.09 - Delivery on 02.17.09

Ratings: Aa3/Baa1 (FSA Insured)

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	Cap. Interest	Net New D/S
12/01/2022	220,000.00	4.125%	79,305.00	299,305.00	-	-	299,305.00
06/01/2023	-	-	74,767.50	74,767.50	-	-	74,767.50
12/01/2023	235,000.00	4.125%	74,767.50	309,767.50	-	-	309,767.50
06/01/2024	-	-	69,920.63	69,920.63	-	-	69,920.63
12/01/2024	240,000.00	4.250%	69,920.63	309,920.63	-	-	309,920.63
06/01/2025	-	-	64,820.63	64,820.63	-	-	64,820.63
12/01/2025	255,000.00	4.250%	64,820.63	319,820.63	-	-	319,820.63
06/01/2026	-	-	59,401.88	59,401.88	-	-	59,401.88
12/01/2026	865,000.00	4.375%	59,401.88	924,401.88	-	-	924,401.88
06/01/2027	-	-	40,480.00	40,480.00	-	-	40,480.00
12/01/2027	900,000.00	4.400%	40,480.00	940,480.00	-	-	940,480.00
06/01/2028	-	-	20,680.00	20,680.00	-	-	20,680.00
12/01/2028	940,000.00	4.400%	20,680.00	960,680.00	(712,080.93)	-	248,599.07
Total	**$7,510,000.00**	-	**$3,763,032.28**	**$11,273,032.28**	**(712,080.93)**	**(78,806.00)**	**$10,482,145.35**

Ross, Sinclaire & Associates, LLC
Public Finance - BNurick

Berkeley County Public Service District

Water Revenue Bonds, Series 2009 (Bank Qualifed)

FINAL: Priced on 02.03.09 - Delivery on 02.17.09

Ratings: Aa3/Baa1 (FSA Insured)

Proof Of Bond Yield @ 4.1404245%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
02/17/2009	-	1.0000000x	-	-
06/01/2009	78,806.00	0.9882307x	77,878.51	77,878.51
12/01/2009	136,395.00	0.9681872x	132,055.89	209,934.40
06/01/2010	136,395.00	0.9485502x	129,377.50	339,311.90
12/01/2010	416,395.00	0.9293115x	386,960.64	726,272.55
06/01/2011	133,595.00	0.9104629x	121,633.30	847,905.84
12/01/2011	423,595.00	0.8919967x	377,845.35	1,225,751.19
06/01/2012	130,405.00	0.8739050x	113,961.59	1,339,712.78
12/01/2012	425,405.00	0.8561803x	364,223.37	1,703,936.15
06/01/2013	126,865.00	0.8388150x	106,416.27	1,810,352.42
12/01/2013	376,865.00	0.8218020x	309,708.40	2,120,060.82
06/01/2014	123,615.00	0.8051340x	99,526.64	2,219,587.46
12/01/2014	378,615.00	0.7888041x	298,653.06	2,518,240.52
06/01/2015	120,045.00	0.7728054x	92,771.42	2,611,011.94
12/01/2015	385,045.00	0.7571311x	291,529.56	2,902,541.50
06/01/2016	116,335.00	0.7417748x	86,294.38	2,988,835.88
12/01/2016	386,335.00	0.7267300x	280,761.23	3,269,597.10
06/01/2017	112,285.00	0.7119903x	79,945.83	3,349,542.93
12/01/2017	772,285.00	0.6975495x	538,707.03	3,888,249.96
06/01/2018	102,385.00	0.6834017x	69,970.08	3,958,220.04
12/01/2018	782,385.00	0.6695407x	523,838.63	4,482,058.67
06/01/2019	91,505.00	0.6559610x	60,023.71	4,542,082.38
12/01/2019	286,505.00	0.6426566x	184,124.33	4,726,206.70
06/01/2020	87,605.00	0.6296221x	55,158.04	4,781,364.75
12/01/2020	292,605.00	0.6168519x	180,493.96	4,961,858.71
06/01/2021	83,505.00	0.6043408x	50,465.48	5,012,324.19
12/01/2021	293,505.00	0.5920834x	173,779.44	5,186,103.63

Berkeley County Public Service District

Water Revenue Bonds, Series 2009 (Bank Qualifed)

FINAL: Priced on 02.03.09 - Delivery on 02.17.09

Ratings: Aa3/Baa1 (FSA Insured)

Proof Of Bond Yield @ 4.1404245%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
06/01/2022	79,305.00	0.5800746x	46,002.82	5,232,106.45
12/01/2022	299,305.00	0.5683094x	170,097.85	5,402,204.31
06/01/2023	74,767.50	0.5567828x	41,629.26	5,443,833.57
12/01/2023	309,767.50	0.5454900x	168,975.09	5,612,808.65
06/01/2024	69,920.63	0.5344263x	37,367.42	5,650,176.08
12/01/2024	309,920.63	0.5235869x	162,270.39	5,812,446.47
06/01/2025	64,820.63	0.5129674x	33,250.87	5,845,697.34
12/01/2025	319,820.63	0.5025633x	160,730.11	6,006,427.44
06/01/2026	59,401.88	0.4923702x	29,247.71	6,035,675.16
12/01/2026	924,401.88	0.4823838x	445,916.50	6,481,591.66
06/01/2027	40,480.00	0.4726000x	19,130.85	6,500,722.50
12/01/2027	940,480.00	0.4630146x	435,455.97	6,936,178.47
06/01/2028	20,680.00	0.4536236x	9,380.94	6,945,559.41
12/01/2028	960,680.00	0.4444231x	426,948.41	7,372,507.82
Total	**$11,273,032.28**	-	**$7,372,507.82**	-

Derivation Of Target Amount

Par Amount of Bonds	$7,510,000.00
Reoffering Premium or (Discount)	(75,490.50)
Bond Insurance Premium..... (55.0 bp)	(62,001.68)
Original Issue Proceeds	$7,372,507.82

Berkeley County Public Service District

Water Revenue Bonds, Series 2009 (Bank Qualifed)

FINAL: Priced on 02.03.09 - Delivery on 02.17.09

Ratings: Aa3/Baa1 (FSA Insured)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
02/17/2009	-	-	-	-	-
12/01/2010	280,000.00	100.000%	280,000.00	1.7888889x	500,888.89
12/01/2011	290,000.00	100.000%	290,000.00	2.7888889x	808,777.78
12/01/2012	295,000.00	100.000%	295,000.00	3.7888889x	1,117,722.22
12/01/2013	250,000.00	100.000%	250,000.00	4.7888889x	1,197,222.22
12/01/2014	255,000.00	100.000%	255,000.00	5.7888889x	1,476,166.67
12/01/2015	265,000.00	99.385%	263,370.25	6.7888889x	1,787,991.36
12/01/2016	270,000.00	99.309%	268,134.30	7.7888889x	2,088,468.27
12/01/2017	660,000.00	98.853%	652,429.80	8.7888889x	5,734,133.02
12/01/2018	680,000.00	99.166%	674,328.80	9.7888889x	6,600,929.70
12/01/2019	195,000.00	99.007%	193,063.65	10.7888889x	2,082,942.27
12/01/2020	205,000.00	99.007%	202,964.35	11.7888889x	2,392,724.17
12/01/2021	210,000.00	99.007%	207,914.70	12.7888889x	2,658,998.00
12/01/2022	220,000.00	98.632%	216,990.40	13.7888889x	2,992,056.52
12/01/2023	235,000.00	98.632%	231,785.20	14.7888889x	3,427,845.57
12/01/2024	240,000.00	98.226%	235,742.40	15.7888889x	3,722,110.56
12/01/2025	255,000.00	98.226%	250,476.30	16.7888889x	4,205,218.77
12/01/2026	865,000.00	99.079%	857,033.35	17.7888889x	15,245,671.04
12/01/2027	900,000.00	98.734%	888,606.00	18.7888889x	16,695,919.40
12/01/2028	940,000.00	98.050%	921,670.00	19.7888889x	18,238,825.22
Total	**$7,510,000.00**	-	**$7,434,509.50**	-	**$92,974,611.64**

Berkeley County Public Service District

Water Revenue Bonds, Series 2009 (Bank Qualifed)

FINAL: Priced on 02.03.09 - Delivery on 02.17.09

Ratings: Aa3/Baa1 (FSA Insured)

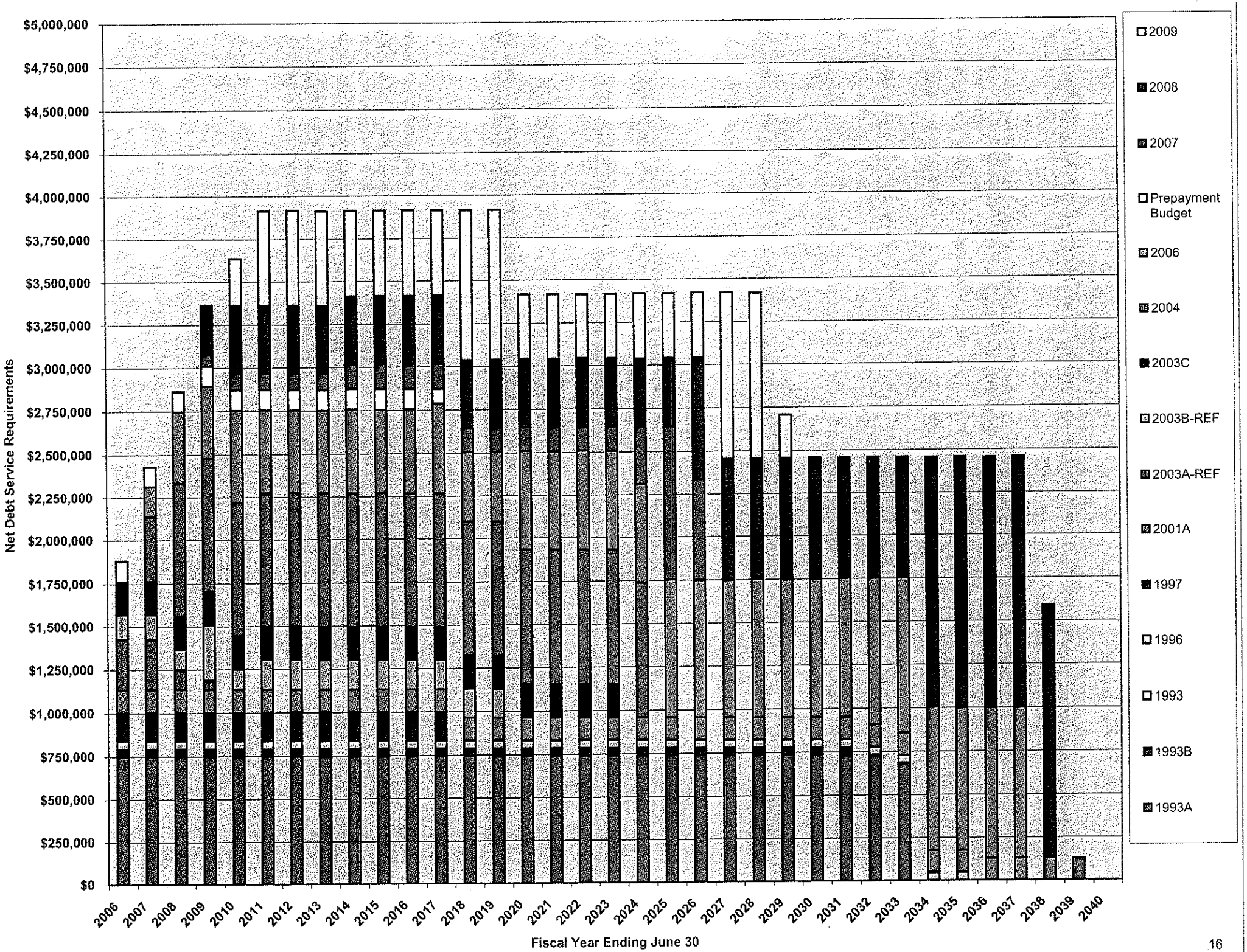
Derivation Of Form 8038 Yield Statistics

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	12.506 Years
Total Interest from Debt Service	3,763,032.28
Reoffering (Premium) or Discount	75,490.50
Total Interest	3,838,522.78
NIC = Interest / (Issue Price * Average Maturity)	4.1285709%
Bond Yield for Arbitrage Purposes	4.1404245%

Debt Capsule Summary Report

Bond Series	Original Issuer	Original Par Amount	Amount Outstanding	Interest Rate Range	Final Maturity	Call Information
1993 (WDA)	Opequon PSD	$10,257,957	$8,955,124	6.750%	04/01/33	WDA Consent Only
1993A (WDA)	Hedgesville PSD	$528,871	$458,832	7.750%	10/01/31	WDA Consent Only
1993B (WDA)	Hedgesville PSD	$17,629	$10,397	0.000%	10/01/31	WDA Consent Only
1996 (WDA)	Hedgesville PSD	$677,158	$601,982	6.250%	10/01/35	WDA Consent Only
1997 (WVIF)	Opequon PSD	$3,339,090	$1,484,040	0.000%	12/01/17	Special
2001A (WDA)	Berkeley PSD	$2,010,000	$1,880,670	5.800%	10/01/39	WDA Consent Only
2003A-REF	Berkeley PSD	$1,330,000	$100,000	2.000% - 3.200%	03/01/10	Non-Callable
2003B-REF	Berkeley PSD	$2,030,000	$1,445,000	2.000% - 4.400%	09/01/19	Sept 2013 @100%
2003C (WDA)	Berkeley PSD	$2,430,000	$2,023,924	5.000%	10/01/23	WDA Consent Only
2004	Berkeley PSD	$10,000,000	$9,175,000	3.000% - 4.300%	12/01/24	Dec. 1, 2012 @ 100%
2006	Berkeley PSD	$10,000,000	$10,000,000	3.500% - 4.300%	12/01/36	Dec. 1, 2014 @ 100%
2007 BANS	Berkeley PSD	$20,000,000	$15,000,000	4.250%	02/01/14	Jan. 1 2008 @ 100%
2007	Berkeley PSD	$2,300,000	$2,300,000	3.400% - 4.250%	12/01/25	Dec. 1, 2015 @ 100%
2008	Berkeley PSD	$9,500,000	$9,500,000	4.000% - 4.250%	12/01/37	Dec. 1, 2015 @ 100%
2009	Berkeley PSD	$7,510,000	$7,510,000	2.000% - 4.400%	12/01/28	Dec. 1, 2016 @ 100%
Totals:	---	$81,930,705	$70,444,968	---	---	---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Net Debt Service Requirements
2006
2007
2008
2009
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2011
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2040
Fiscal Year Ending June 30
2009
2008
2007
Prepayment Budget
2006
2004
2003C
2003B-REF
2003A-REF
2001A
1997
1996
1993
1993B
1993A

Net Debt Service Structure Report

Issuer:	*(Hedgesville)*	*(Hedgesville)*	*(Opequon)*	*(Hedgesville)*	*(Opequon)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*		*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	
	Mar 8, 1993	*Mar 8, 1993*	*Jul 29, 1993*	*Aug 6, 1996*	*Jun 25, 1997*	*Oct 25, 2001*	*Apr 1, 2003*	*Apr 1, 2003*	*May 15, 2003*	*Dec 30, 2004*	*Dec 31, 2006*		*Dec 21, 2007*	*Jan 24, 2008*	*Feb 17, 2009*	
FY Ending June 30	Series 1993A Bonds	Series 1993B Bonds	Series 1993 Bonds	Series 1996 Bonds	Series 1997 Bonds	Series 2001A Bonds	Series 2003A-REF Bonds	Series 2003B-REF Bonds	Series 2003C Bonds	Series 2004 Bonds	Series 2006 Bonds	Series 1997 Prepayment Budget	Series 2007 Bonds	Series 2008 Bonds	Series 2009 Bonds	Net Payment Amount
2006	$747,404	$43,123	$452	$46,491	$164,893	$131,550	$292,460	$142,870	$193,060	$0		$117,000				$1,879,303
2007	$747,146	$43,105	$452	$46,477	$164,893	$131,519	$291,960	$141,370	$192,964	$377,095	$176,118	$117,000				$2,430,099
2008	$746,871	$43,086	$452	$46,462	$164,893	$131,486	$115,800	$115,033	$192,862	$776,020	$414,395	$117,000				$2,864,361
2009	$746,578	$43,067	$452	$46,447	$164,893	$131,451	$53,050	$320,545	$192,756	$778,645	$414,395	$117,000	$68,304	$287,815		$3,365,398
2010	$746,265	$43,045	$452	$46,430	$164,893	$131,415	$0	$115,745	$192,644	$775,895	$537,208	$117,000	$94,213	$396,986	$272,790	$3,634,980
2011	$745,931	$43,021	$452	$46,412	$164,893	$131,376		$172,865	$192,527	$777,770	$478,795	$117,000	$94,213	$396,986	$549,990	$3,912,231
2012	$745,574	$42,995	$452	$46,393	$164,893	$131,335		$173,666	$192,404	$778,965	$476,345	$117,000	$94,213	$396,986	$554,000	$3,915,222
2013	$745,193	$42,969	$452	$46,373	$164,893	$131,292		$169,135	$192,276	$778,998	$478,770	$117,000	$94,213	$396,986	$552,270	$3,910,819
2014	$744,786	$42,940	$452	$46,352	$164,893	$131,247		$169,353	$192,139	$777,830	$485,890	$117,000	$143,338	$396,986	$500,480	$3,913,685
2015	$744,352	$42,908	$452	$46,329	$164,893	$131,198		$169,216	$191,997	$780,320	$482,830	$117,000	$146,363	$396,986	$498,660	$3,913,504
2016	$743,889	$42,874	$452	$46,305	$164,893	$131,147		$168,750	$191,847	$775,640	$489,590	$117,000	$144,163	$396,986	$501,380	$3,914,916
2017	$743,394	$42,837	$452	$46,280	$164,893	$131,092		$167,978	$191,690	$779,140	$520,475	$82,447	$146,863	$396,986	$498,620	$3,913,147
2018	$742,866	$42,798	$452	$46,253	$0	$131,035		$166,855	$191,526	$776,740	$407,690		$134,663	$396,986	$874,670	$3,912,533
2019	$742,302	$42,755	$452	$46,224		$130,974		$165,373	$191,352	$778,440	$406,930		$137,528	$396,986	$873,890	$3,913,205
2020	$741,700	$42,710	$452	$46,193		$130,910		$0	$191,170	$779,140	$577,845		$135,259	$396,986	$374,110	$3,416,476
2021	$741,058	$42,661	$452	$46,161		$130,842			$190,979	$778,840	$575,140		$137,888	$396,986	$376,110	$3,417,115
2022	$740,372	$42,607	$452	$46,126		$130,770			$190,778	$777,205	$581,840		$135,413	$396,986	$372,810	$3,415,359
2023	$739,640	$42,550	$452	$46,089		$130,693			$190,568	$778,770	$578,140		$137,834	$396,986	$374,073	$3,415,795
2024	$738,858	$42,488	$452	$46,050		$130,613			$0	$778,375	$574,240		$331,028	$396,986	$379,688	$3,418,780
2025	$738,024	$42,422	$452	$46,009		$130,528				$0	$795,540		$892,500	$396,986	$374,741	$3,417,203
2026	$737,134	$42,350	$452	$45,965		$130,438					$791,840		$587,219	$705,686	$379,223	$3,420,306
2027	$736,183	$42,273	$452	$45,918		$130,342					$792,193			$707,786	$964,882	$3,420,029
2028	$735,168	$42,190	$452	$45,868		$130,241					$796,385			$704,386	$961,160	$3,415,851
2029	$734,085	$42,100	$452	$45,815		$130,135					$794,385			$710,386	$248,599	$2,705,956
2030	$732,928	$42,004	$452	$45,759		$130,022					$796,180			$710,499		$2,457,844
2031	$731,694	$41,899	$452	$45,699		$129,902					$801,671			$704,919		$2,456,237
2032	$730,376	$0	$0	$45,636		$129,776					$844,896			$708,673		$2,459,357
2033	$681,468			$45,568		$129,643					$894,748			$706,658		$2,458,084
2034				$45,497		$129,501					$828,465			$1,452,795		$2,456,258
2035				$45,421		$129,351					$822,398			$1,461,135		$2,458,305
2036				$0		$129,193					$869,073			$1,456,838		$2,455,103
2037						$129,025					$868,275			$1,459,888		$2,457,188
2038						$128,848								$1,460,388		$1,589,235
2039						$128,660										$128,660
2040						$0										$0
Totals:	$20,691,237	$1,109,776	$11,753	$1,383,001	$1,978,720	$4,437,549	$753,270	$2,358,753	$3,455,540	$13,603,828	$19,352,683	$1,369,447	$3,655,210	$19,589,631	$10,482,145	$104,232,542

Principal Reduction Report

Issuer:	*(Hedgesville)*	*(Hedgesville)*	*(Opequon)*	*(Hedgesville)*	*(Opequon)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*		
	Mar 8, 1993	*Mar 8, 1993*	*Jul 29, 1993*	*Aug 6, 1996*	*Jun 25, 1997*	*Oct 25, 2001*	*Apr 1, 2003*	*Apr 1, 2003*	*May 15, 2003*	*Dec 30, 2004*	*Dec 31, 2006*	*Dec 21, 2007*	*Jan 24, 2008*	*Feb 17, 2009*		
FY Ending June 30	Series 1993A Bonds	Series 1993B Bonds	Series 1993 Bonds	Series 1996 Bonds	Series 1997 Bonds	Series 2001A Bonds	Series 2003A-REF Bonds	Series 2003B-REF Bonds	Series 2003C Bonds	Series 2004 Bonds	Series 2006 Bonds	Series 2007 Bonds	Series 2008 Bonds	Series 2009 Bonds	Outstanding Principal	Debt Retirement (10 Years)
2006	$113,005	$5,777	$452	$7,133	$164,893	$18,359	$275,000	$75,000	$77,164							
2007	$120,633	$6,224	$452	$7,578	$164,893	$19,424	$280,000	$75,000	$81,022							
2008	$128,775	$6,707	$452	$8,052	$164,893	$20,550	$110,000	$50,000	$85,073	$405,000						
2009	$137,468	$7,227	$452	$8,555	$164,893	$21,742	$50,000	$260,000	$89,327	$420,000					$55,312,522	28.71%
2010	$146,747	$7,787	$452	$9,090	$164,893	$23,003	$50,000	$60,000	$93,793	$430,000	$125,000				$54,201,756	30.45%
2011	$156,652	$8,390	$452	$9,658	$164,893	$24,337		$120,000	$98,483	$445,000	$70,000			$280,000	$52,823,891	31.77%
2012	$167,226	$9,040	$452	$10,262	$164,893	$25,749		$125,000	$103,407	$460,000	$70,000			$290,000	$51,397,861	33.24%
2013	$178,514	$9,741	$452	$10,903	$164,893	$27,242		$125,000	$108,578	$475,000	$75,000			$295,000	$49,927,538	34.91%
2014	$190,564	$10,496	$452	$11,585	$164,893	$28,823		$130,000	$114,006	$490,000	$85,000	$55,000		$250,000	$48,396,719	37.20%
2015	$203,427	$11,309	$452	$12,309	$164,893	$30,494		$135,000	$119,707	$510,000	$85,000	$60,000		$255,000	$46,809,128	41.06%
2016	$217,158	$12,186	$452	$13,078	$164,893	$32,263		$140,000	$125,692	$525,000	$95,000	$60,000		$265,000	$45,158,406	43.66%
2017	$231,816	$13,130	$452	$13,895	$164,893	$34,134		$145,000	$131,977	$550,000	$130,000	$65,000		$270,000	$43,408,108	46.57%
2018	$247,464	$14,148	$452	$14,764	$82,447	$36,114		$150,000	$138,576	$570,000	$20,000	$55,000		$660,000	$41,419,144	49.69%
2019	$264,168	$15,244	$452	$15,686		$38,208		$155,000	$145,504	$595,000	$20,000	$60,000		$680,000	$39,429,882	53.44%
2020	$281,999	$16,426	$452	$16,667		$40,425		$160,000	$152,779	$620,000	$195,000	$55,000		$195,000	$37,696,134	55.59%
2021	$301,034	$17,699	$452	$17,709		$42,769			$160,418	$645,000	$200,000	$65,000		$205,000	$36,041,053	58.28%
2022	$321,354	$19,070	$452	$18,815		$45,250			$168,439	$670,000	$215,000	$60,000		$210,000	$34,312,673	61.54%
2023	$343,045	$20,548	$452	$19,991		$47,874			$176,861	$700,000	$220,000	$65,000		$220,000	$32,498,902	67.55%
2024	$366,201	$22,141	$452	$21,241		$50,651			$185,704	$730,000	$225,000	$270,000		$235,000	$30,392,512	72.00%
2025	$390,919	$23,857	$452	$22,568		$53,589				$760,000	$460,000	$850,000		$240,000	$27,591,127	76.88%
2026	$417,306	$25,706	$452	$23,979		$56,697					$475,000	$580,000	$315,000	$255,000	$25,441,987	83.85%
2027	$445,474	$27,698	$452	$25,478		$59,985					$495,000		$330,000	$865,000	$23,192,900	92.31%
2028	$475,544	$29,845	$452	$27,070		$63,464					$520,000		$340,000	$900,000	$20,836,525	98.83%
2029	$507,643	$32,157	$452	$28,762		$67,145					$540,000		$360,000	$940,000	$18,360,366	99.32%
2030	$541,909	$34,650	$452	$30,559		$71,040					$565,000		$375,000		$16,741,756	100.00%
2031	$578,488	$37,335	$452	$32,469		$75,160					$595,000		$385,000		$15,037,852	
2032	$617,536	$40,229	$452	$34,499		$79,519					$665,000		$405,000		$13,195,618	
2033	$1,362,936			$36,655		$84,132					$745,000		$420,000		$10,546,895	
2034				$38,946		$89,011					$710,000		$1,200,000		$8,508,938	
2035				$41,380		$94,174					$735,000		$1,260,000		$6,378,384	
2036				$43,966		$99,636					$815,000		$1,310,000		$4,109,782	
2037						$105,415					$850,000		$1,370,000		$1,784,367	
2038						$111,529							$1,430,000		$242,838	
2039						$117,997									$124,841	
2040						$124,841									$0	
Totals:	$9,455,004	$484,767	$12,205	$633,301	$2,061,166	$1,960,745	$765,000	$1,905,000	$2,356,510	$10,000,000	$10,000,000	$2,300,000	$9,500,000	$7,510,000	---	---

Debt Service Reserve Fund Summary Report

Bond Series	Original Issuer	Original Par Amount	DSR Requirement	Bond Yield	Investment Vehicle
1993 (WDA)	Opequon PSD	$10,257,957	$751,218	6.75104%	Variable
1993A (WDA)	Hedgesville PSD	$528,871	$43,347	7.74905%	Variable
1993B (WDA)	Hedgesville PSD	$17,629	$452	0.00000%	Variable
1996 (WDA)	Hedgesville PSD	$677,158	$46,714	6.25082%	Variable
1997 (WVIF)	Opequon PSD	$3,339,090	$164,893	0.00000%	Variable
2001A (WDA)	Berkeley PSD	$2,010,000	$132,083	5.80038%	Variable
2003A/B-REF	Berkeley PSD	$1,330,000	$319,822	3.84437%	Variable
2003C (WDA)	Berkeley PSD	$2,430,000	$194,990	5.00064%	Variable
2004	Berkeley PSD	$10,000,000	$780,320	3.90040%	Variable
2006	Berkeley PSD	$10,000,000	$808,383	4.36052%	Surety Bond
2007 BANs	Berkeley PSD	$20,000,000	$1,000,000	4.25014%	Variable
2007	Berkeley PSD	$2,300,000	$230,000	4.53701%	Surety Bond
2008	Berkeley PSD	$9,500,000	$830,695	4.39400%	Surety Bond
2009	Berkeley PSD	$7,510,000	$712,081	4.14042%	Variable
Totals:	---	$79,900,705	$6,014,998	---	---

R | S | A

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FINRA Member Firm SIPC

CLOSING MEMORANDUM

TO: **Working Group**
DATE: **February 16, 2009**
RE: **$7,510,000 Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2009**

The closing for the above referenced transaction will be conducted via telephone beginning at approximately 9:00am on Tuesday, February 17, 2009 ("Closing Date"). The closing will be completed upon receipt of the funds.

The following is the description of the Sources and Uses of Funds for the financing referenced above:

I. Sources and Uses of Funds

Sources of Funds	
Par Amount of Series 2009 Bonds	$7,510,000.00
Less: Underwriter's Discount	149,550.00
Less: Original Issue Discount	75,490.50
TOTAL	$7,284,959.50

Uses of Funds	
Deposit to Project Fund	$6,359,670.89
Deposit to Capitalized Interest Fund	78,806.00
Remit Bond Insurance Premium	62,001.68
Deposit to Debt Service Reserve Fund	712,080.93
Deposit to Cost of Issuance Fund	72,400.00
TOTAL	$7,284,959.50

II. Wire Instructions:

A. At approximately 9:00am on the Closing Date, the Purchaser will send a federal funds wire to the Municipal Bond Commission for deposit to the Project Construction Fund, the Debt Service Reserve Fund and the Capitalized Interest Fund:

$7,150,557.82
Branch Banking and Trust Company
Charleston, West Virginia
ABA #: 051503394
Acct #: 5270517317
Contact: WV State Treasurer for WV Municipal Bond Commission
Ref: BCPSWD Series 2009

ROSS, SINCLAIRE & ASSOCIATES, LLC

B. At approximately 9:00am on the Closing Date the Underwriter will send a federal funds wire in payment for the Costs of Issuance to the Berkley County Public Service District:

$72,400.00
Susquehanna Bank
ABA #: 055000259
Acct #: 60003889445
Ref: Berkley County PSD, Series 2009

C. At approximately 9:00am on the Closing Date the Underwriter will send a federal funds wire in payment of the insurance premiums to Financial Security Assurance Inc.:

$62,001.68
The Bank of New York
ABA #: 021000018
Acct. Name: Financial Security Assurance Inc.
Acct #: 8900297263
Policy Nos.: 211158-N (Bonds)