$7,800,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Revenue Bonds, Series 2012 B (Bank Qualified)

Date of Closing: December 20, 2012

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

WATER REVENUE BONDS, SERIES 2012 B
(BANK QUALIFIED)

BOND RESOLUTION

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,500,000, 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, 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 installation of well pumps with electrical control systems at the Potomac Station Well Field and a new 12 inch and 16 inch raw water main from the Potomac Station Well Field to the existing Potomac River Water Treatment Plant, construction of an operations center and installation of water mains along U.S. Route 11 and all necessary appurtenances (collectively, the "Project");

WHEREAS, there are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon have the lien positions with respect to the Net Revenues of the waterworks system of the Issuer: (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 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) 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"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; and (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (collectively, the "Prior Issued Bonds"). In addition to the Prior Issued Bonds, the District anticipates selling its Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds") on November 27, 2012 and expects to close on the Series 2012 A Bonds on December 20, 2012. The Prior Issued Bonds together with the Series 2012 A Bonds are collectively referred to herein as the "Prior Bonds."

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 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 B 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 positions with respect to the Capacity Improvement Fees of the Issuer 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 $12,000,000 (the "Series 2007 Notes" or the "Prior Notes"). The Series 2007 Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the 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, Surplus Revenues of the System and certain funds and accounts related to the Series 2007 Notes, as set forth in resolution pursuant to which the Series 2007 Notes were issued, and are not payable by the Net Revenues of the System. The Series 2007 Notes do not have a lien on the Net Revenues of the Issuer. The Capacity Improvement Fees ARE NOT considered a part of the Net Revenues of the System. The current status of the Capacity Improvement Fees is discussed herein.

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of Berkeley County that its Series 2012 B 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 2012 B Bonds.

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

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

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

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

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

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

"Bonds" means, collectively, the Series 2012 B Bonds, the First Lien Bonds and the Second Lien Bonds, and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"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.

"Capitalized Interest" shall mean interest on the Series 2012 B Bonds which is paid from the proceeds of such Series 2012 B Bonds

"Capitalized Interest Period" shall mean the period of time commencing with the Closing Date and continuing to June 30, 2013.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2012 B Bonds in substantially the form set forth in EXHIBIT A - SERIES 2012 B 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 2012 B 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 2012 B Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

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

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

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

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"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 2012 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2012 B 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 2012 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds of the Series 2012 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2012 B Bonds.

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

"Original Purchaser" means Ross, Sinclaire & Associates, LLC, Cincinnati, Ohio, as the purchaser of the Series 2012 B Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2012 B Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2012 B Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2012 B Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2012 B Bonds.

"Outstanding," when used with reference to the Series 2012 B Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by

the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer.

"Paying Agent," initially, the West Virginia Municipal Bond Commission and any other paying agent or other entity designated as such for the Series 2012 B Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"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 2012 B Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2012 B Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2012 B Bonds of each maturity is sold or, if the Series 2012 B Bonds are privately placed, the price paid by the first buyer of the Series 2012 B Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2012 B Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2012 B Bonds.

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

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed

by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia 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.

"Rebate Fund" means the Rebate Fund described in Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated in the Series 2012 B Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2012 B Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

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

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

"Reserve Accounts" means the respective Reserve Accounts established for the Series 2012 B Bonds and the Prior Bonds.

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

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

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

"Series 2012 B Bonds" means the Water Revenue Bonds, Series 2012 B (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2012 B Bonds Capitalized Interest Fund" means the Series 2012 B Bonds Capitalized Interest Fund created by Section 4.02 hereof.

"Series 2012 B Bonds Construction Fund" means the Series 2012 B Bonds Construction Fund created by Section 4.02 hereof.

"Series 2012 B Bonds Cost of Issuance Fund" means the Series 2012 B Bonds Cost of Issuance Fund created by Section 4.02 hereof.

"Series 2012 B Bonds Redemption Account" means the Series 2012 B Bonds Redemption Account created by Section 4.02 hereof.

"Series 2012 B Bonds Reserve Account" means the Series 2012 B Bonds Reserve Account created by Section 4.02 hereof.

"Series 2012 B Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2012 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2012 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2012 B Bonds.

"Series 2012 B Bonds Sinking Fund" means the Series 2012 B Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2012 B Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following adoption of this Resolution, setting forth the final amounts, maturities, interest rates and other terms of the Series 2012 B Bonds and authorizing the sale of the Series 2012 B Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"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 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 2012 B (Bank Qualified), in the total aggregate principal amount of not more than $8,500,000 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 2012 B 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 applied to funding the Series 2012 B Bonds Reserve Account; and the payment of; 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; discount; initial fees for the services of registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

H. All things necessary to make the Series 2012 B Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2012 B Bonds, will be timely done and duly performed.

I. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System and the issuance of the Series 2012 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2012 B Bonds or such final order will not be subject to appeal or rehearing.

J. The adoption of this Resolution, and the execution and issuance of the Series 2012 B Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2012 B Bonds by those who shall own or hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of such Bondholders of any and all of such Series 2012 B Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

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 $8,500,000. The proceeds of the Series 2012 B 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 2012 B Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Series 2012 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2012 B 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 2012 B Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2012 B Bonds shall be in default, Bonds issued in exchange for Series 2012 B Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2012 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2012 B 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 2012 B Bonds shall be paid by check or draft made payable and mailed to the Registered Owner 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 $1,000,000 or more of the Series 2012 B 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 2012 B 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 Registered Owner thereof, another Bond in the principal amount of said Series 2012 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2012 B 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 2012 B Bonds shall cease to be such officer of the Issuer before the Series 2012 B Bonds so signed and sealed have been actually sold and delivered, such Series 2012 B Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2012 B Bonds had not ceased to hold such office. Any Series 2012 B 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 2012 B Bonds shall hold the proper office in the Issuer, although at the date of such Series 2012 B Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2012 B 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 2012 B Bond, substantially in the form set forth in EXHIBIT A – SERIES 2012 B BOND attached hereto and incorporated herein by reference WITH RESPECT TO SUCH RESPECTIVE Series 2012 B Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2012 B 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 2012 B 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 2012 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2012 B Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Series 2012 B Bonds, shall be conclusively deemed to have agreed that such Series 2012 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2012 B Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2012 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2012 B Bonds. Series 2012 B 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 2012 B Bond, there shall be issued at the option of the Holder or the transferee another Series 2012 B 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 2012 B 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 2012 B Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Series 2012 B 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 2012 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2012 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series

2012 B Bonds, the initial exchange of Series 2012 B Bonds and exchanges of Series 2012 B Bonds in the event of partial redemption of fully registered Series 2012 B 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 2012 B 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 2012 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 B 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 2012 B Bond of like series, maturity and principal amount as the Series 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2012 B 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 2012 B Bonds be at any time found by any one, and such duplicate Series 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B Bonds Sinking Fund, as will exhaust as nearly as practicable such Series 2012 B Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2012 B Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Original Purchaser and the registered owner of the Series 2012 B 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 2012 B Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2012 B Bonds shall also be sent to registered securities depositories.

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

(1) The Redemption Date;

(2) The Redemption Price;

(3) If less than all outstanding Series 2012 B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2012 B Bonds, as appropriate, to be redeemed;

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Series 2012 B 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 2012 B 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 2012 B Bonds.

If funds sufficient to redeem all Series 2012 B 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 2012 B Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2012 B Bonds or portions of Series 2012 B 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 2012 B Bonds or portions of Series 2012 B Bonds shall cease to bear interest. Upon surrender of such Series 2012 B Bonds for redemption in accordance with said notice, such Series 2012 B 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 2012 B 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 2012 B Bond. All Series 2012 B 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 2012 B Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Series 2012 B Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Series 2012 B Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

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

Section 3.10. Authorization of Bonds. For the purposes of paying costs of acquisition and construction of the Project, funding the Series 2012 B Bonds Reserve Account, paying capitalized interest on the Series 2012 B Bonds and paying costs in connection therewith, there shall be issued the Series 2012 B Bonds of the Issuer, in an aggregate principal amount of not more than $8,500,000. The Series 2012 B shall be designated "Water Revenue Bonds, Series 2012 B (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 2012 B Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2012 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2012 B Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Series 2012 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2012 B Bonds, respectively, of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2012 B Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2012 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2012 B Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2012 B Bond, or any other evidence of ownership of the Series 2012 B Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2012 B Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2012 B Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Resolution, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2012 B Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2012 B Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Resolution. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2012 B Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2012 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2012 B Bonds so redeemed, but DTC may return such Series 2012 B Bonds and make an appropriate notation on the Series 2012 B 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 2012 B Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2012 B Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2012 B Bonds, selecting the Series 2012 B Bonds, or portions thereof, to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 2012 B Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be

affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2012 B Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2012 B Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2012 B Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2012 B Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2012 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2012 B Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2012 B Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 2012 B Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2012 B Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 2012 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2012 B Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2012 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 B Bonds to the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2012 B Bonds by Bond Counsel; and

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

Section 3.13. Form of Bonds. The definitive Series 2012 B Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2012 B BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2012 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2012 B Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds.

Upon the issuance and delivery of the Series 2012 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2012 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2012 B Bonds Sinking Fund and applied to payment of interest on the Series 2012 B Bonds at the first interest payment date.

2. An amount of proceeds of the Series 2012 B Bonds equal to the amount of Capitalized Interest for the Capitalized Interest Period shall be deposited in the Series 2012 B Bonds Capitalized Interest Fund. All funds on deposit in the Series 2012 B Bonds Capitalized Interest Fund shall be applied during the Capitalized Interest Period to the payment of accrued interest on the Series 2012 B Bonds at the first interest payment date. Any monies remaining on deposit in the Series 2012 B Bonds Capitalized Interest Fund on July 31, 2013 shall be transferred to the Series 2012 B Bonds Sinking Fund and applied ratably to the payment of debt service on the Series 2012 B Bonds.

3. An amount of the proceeds of the Series 2012 B Bonds equal to the Series 2012 B Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2012 B Bonds Reserve Account, provided that, to the extent the Series 2012 B 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 2012 B Bonds shall be used to purchase said reserve account letter of credit, surety bond or other credit facility and proceeds of the Series 2012 B Bonds shall be deposited in the Series 2012 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2012 B Bonds Reserve Requirement.

4. An amount of the proceeds of the Series 2012 B Bonds which shall be sufficient to pay the costs of issuance of the Series 2012 B 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 2012 B 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 2012 B Bonds Construction Fund.

5. The balance of proceeds of the Series 2012 B Bonds, not used for any of the purposes set forth above, shall be deposited in the Series 2012 B 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 2012 B Bonds Construction Fund. Disbursements from the Series 2012 B Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2012 B 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 2012 B 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 2012 B Bonds as "Qualified Tax-Exempt Obligations." The Issuer hereby designates the Series 2012 B Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code and the Issuer covenants that the Series 2012 B Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and the Issuer reasonably anticipates 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 2012 B Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2012, 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 2012 B Bonds Construction Fund;

(4) Series 2012 B 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 2012 B Bonds Capitalized Interest Fund;

(2) Series 2012 B Bonds Sinking Fund;

(3) Series 2012 B Bonds Redemption Account; and

(4) Series 2012 B 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 2012 B Bonds, for deposit in the Series 2012 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2012 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 B Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2012 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2012 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2012 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2012 B Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay the principal of the First Lien Bonds; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2012 B Bonds, for deposit in the Series 2012 B Bonds Sinking Fund, and in the Series 2012 B Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2012 B Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 B Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2012 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to fund the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2012 B Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2012 B Bonds Reserve Account below the Series 2012 B Bonds Reserve Requirement or any withdrawal from the Series 2012 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2012 B 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 2012 B Bonds Reserve Account is less than the Series 2012 B Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2012 B Bonds Reserve Account for deposit into the Series 2012 B Bonds Sinking Fund. To the extent Net Revenues and any other

legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2012 B Bonds Reserve Account to an amount equal to the Series 2012 B 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 2012 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 B 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 Bond 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 Bond Commission for deposit in the Reserve Account for Second Lien Bonds the amount required under the Prior Resolutions.

Monies in the Series 2012 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2012 B Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the Series 2012 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2012 B Bonds when due, when amounts in the Series 2012 B Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Issuer shall not be required to make any further payments into the Series 2012 B Bonds Sinking Fund or the Series 2012 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series 2012 B Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2012 B Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2012 B Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirements therefor.

The payments into the Series 2012 B Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

The Issuer shall restore any withdrawals from the Series 2012 B Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2012 B 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 2012 B 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 2012 B Bonds Sinking Fund and the Series 2012 B 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 2012 B 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 2012 B Bonds Reserve Account, pro rata, to the Series 2012 B Bonds Sinking Fund, any earnings on the monies deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2012 B Bonds Reserve Account an amount at least equal to the Series 2012 B 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 2012 B Bonds Reserve Account, whereupon such account shall be valued immediately after such withdrawal.

(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 2012 B 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 2012 B 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 2012 B Bonds in such manner and to such extent as may be necessary, so that the Series 2012 B 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 2012 B Bonds) so that the interest on the Series 2012 B Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2012 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2012 B Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect, with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2012 B Bonds from gross income for federal income tax purposes.

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

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2012 B Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 2012 B Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 B Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 B Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution but shall be payable solely from the Net Revenues of the System, the monies in the Series 2012 B Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2012 B Bonds or monies in the Series 2012 B Bonds Capitalized Interest Fund and Series 2012 B Bonds Construction Fund, all as herein provided. No Holder or Holders of the Series 2012 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2012 B Bonds, or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Series 2012 B Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with 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 2012 B Bonds herein authorized, and to make the payments into the Series 2012 B Bonds Sinking Fund, the Series 2012 B 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 2012 B Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any fiscal year for payment of principal of and interest on the Series 2012 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2012 B 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 2012 B Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2012 B Bonds, immediately be remitted to the Bond Commission for deposit in the Series 2012 B 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 2012 B Bonds. Any balance remaining after the payment of the Series 2012 B Bonds and interest thereon shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $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 2012 B Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2012 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2012 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2012 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2012 B Bonds and the interest thereon, if any, in this Resolution, or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 B Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2012 B Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by an Independent Certified Public Accountant reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 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 2012 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2012 B Bonds.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2012 B 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 of 1931, as amended, 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 2012 B 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 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 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 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 2012 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2012 B Bonds, pro rata, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds, and senior and prior to the lien in favor of the Holders of the Second Lien Bonds.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2012 B Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2012 B Bonds during the term thereof is, under the terms of the Series 2012 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of

property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2012 B Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2012 B Bonds during the term thereof is, under the terms of the Series 2012 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2012 B Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2012 B Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2012 B Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2012 B Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2012 B Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2012 B Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

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 2012 B Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2012 B Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Series 2012 B Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder;

(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.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder 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 2012 B 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 2012 B Bonds shall be on a parity with one another and also on parity with those of the Holders of the First Lien Bonds, and senior and prior to those of the Holders of the Second Lien Bonds.

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder 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 2012 B 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 2012 B 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.

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 2012 B Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 2012 B Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2012 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2012 B Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this

Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

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

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2012 B Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2012 B Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2012 B Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer, 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 2012 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2012 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer 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 2012 B Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2012 B Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

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

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 2012 B Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2012 B Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2012 B Bonds from gross income for federal income tax purposes.

The Series 2012 B Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2012 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2012 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or 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 2012 B Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2012 B 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 2012 B Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2012 B Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. Prior to issuance of the Series 2012 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 B Bonds, this Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. 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 2012 B Bonds then Outstanding and affected thereby, 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 2012 B Bonds without the express written consent of the Holder of each Series 2012 B Bond so affected, nor reduce the percentage of Series 2012 B Bonds required for consent to any such modification or amendment.

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

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

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

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

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

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

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

Section 10.05. Failure to Present Bonds. Anything in this Resolution to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the

Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

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 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
700 Walnut Street, Suite 600
Cincinnati, Ohio 45202
Attention: Senior Vice President

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 2012 B Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements

contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 B Bonds and the Original Purchaser.

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

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

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

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

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

[*Signatures appear on following page(s)*]

Adopted this 26th day of November, 2012.

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 26th day of November, 2012.

Dated this 26th day of November, 2012.

[SEAL]

W. Wayne Dunlap
Secretary

EXHIBIT A - SERIES 2012 B 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. BR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B 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 June 1 and December 1, in each year, beginning June 1, 2013 (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 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 _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Berkeley County Public Service District Water Revenue Bonds, Series 2012 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2012, 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 2012 B Bonds (as hereinafter defined); (iii) to pay capitalized interest; and (iv) to pay certain costs of issuance of the Series 2012 B Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on November 26, 2012, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on November 26, 2012 (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:

(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 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) 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"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000; and Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds"), dated December __, 2012, and issued in the original aggregate principal amount of $_____.

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 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 A 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 Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after December 1, 20__, are subject to redemption prior to maturity, on or after December 1, 20__, at the option of the Issuer, in whole or in part, on any Business Day, in order of maturity selected by the District and by lot within a maturity in multiples of $5,000, from any moneys

available for such purpose, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

(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

_____
* 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 2012 B 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 2012 B 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 and capitalized 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 2012 B 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: _____, 2012.

_____,
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: _____, 20__.

_____

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.

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 2012 B (BANK QUALIFIED) OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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 November 26, 2012, a resolution (the "Resolution") entitled:

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,500,000, 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, 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 2012 B (Bank Qualified) in the aggregate principal amount of not more than $8,500,000 (the "Series 2012 B 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 2012 B Bonds, paying capitalized interest on the Series 2012 B Bonds and paying costs of issuance thereof, all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Resolution further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2012 B Bonds should be established by a supplemental resolution, that a 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 2012 B 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 that other matters pertaining to the Series 2012 B Bonds be provided for by a supplemental resolution of this Board;

WHEREAS, the Series 2012 B 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 (the "Bond Purchase Agreement");

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 2012 B 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 and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2012 B Bonds, hereinafter described, be approved, that the Issuer's Chairman be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Board and that other matters relating to the Series 2012 B 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 2012 B Bonds. The Series 2012 B Bonds shall be issued in the aggregate principal amount not to exceed $8,000,000, bear interest at a rate not to exceed 8%, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2013, 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, 2052), 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 2012 B Bonds shall be as determined by the Chairman at the time of the execution of the Bond Purchase Agreement and as approved by the Chairman in the Certificate of Series 2012 B Bonds Determinations (the "Certificate of Determinations"), the form which is attached hereto as EXHIBIT A. All other provisions relating to the Series 2012 B Bonds shall be as provided in the Resolution, and the Series 2012 B Bonds shall be in substantially the form provided in the Resolution.

Section 2. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, in the form approved by the Chairman on behalf of the Governing Body pursuant to the Certificate of Determinations, is hereby authorized and approved, 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 2012 B 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 2012 B Bonds, substantially in the form approved by the Chairman on behalf of the Governing Body pursuant to the Certificate of Determinations, is hereby authorized and approved, 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 approved by the Chairman on behalf of the Governing Body pursuant to the Certificate of Determinations, is hereby authorized and approved (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 2012 B Bonds, substantially in the form approved by the Chairman on behalf of the Governing Body pursuant to the Certificate of Determinations, is hereby authorized and 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 2012 B Bonds.

Section 7. The Chairman is hereby authorized to solicit proposal from qualified financial institutions and select a Registrar for the Series 2012 B 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 2012 B Bonds will be deposited with Susquehanna Bancshares Inc.

Section 9. 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
Suite 1117
900 Pennsylvania Avenue
Charleston, WV 25302

ORIGINAL PURCHASER

Ross, Sinclaire & Associates, LLC
700 Walnut Street, Suite600
Cincinnati, Ohio 45202
Attention: Senior Vice President

Section 10. 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 2012 B Bond issue to the end that the Series 2012 B Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 11. The financing of the Project with proceeds of the Series 2012 B 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 12. This Supplemental Resolution shall be effective immediately.

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Adopted this 26th day of November, 2012.

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 26th day of November, 2012.

Dated this 26th day of November, 2012.

[SEAL]

D. Wayne Dennis
Secretary

EXHIBIT A

FORM OF CERTIFICATE OF SERIES 2012 B BONDS DETERMINATIONS

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2012 B (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 November 26, 2012 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Water Revenue Bonds, Series 2012 B (the "Series 2012 B Bonds"), hereby finds and determines as follows:

1. The Series 2012 B Bonds shall be dated the date of closing thereon (estimated to be December ___, 2012) and shall bear interest on **June 1 and December 1 of each year commencing June 1, 2013**.

2. The Series 2012 B 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 2012 B Bonds shall mature in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2012 B Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2012 B Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2012 B 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 Official Statement and the Registrar Agreement attached hereto as Exhibits 1 through 4, respectively, are hereby approved.

8. The Registrar for the Series 2012 B Bonds shall be _____.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2012 B Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2012 B Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS my signature this ___ day of _____, 2012.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

Schedule 1

SERIES 2012 B BOND TERMS

Maturities

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

Schedule 2

Redemption Provisions:

Optional Redemption

Mandatory Sinking Fund Redemption

EXHIBIT 1

[Form of Bond Purchase Agreement]
(Attached Hereto)

EXHIBIT 2

[Form of Continuing Disclosure Agreement]
(Attached Hereto)

EXHIBIT 3

[Form of Official Statement]
(Attached Hereto)

EXHIBIT 4

[Form of Registrar Agreement]
(Attached Hereto)

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED)

CERTIFICATE OF DETERMINATIONS

On this 13th day of December, 2012, 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 November 26, 2012 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Water Revenue Bonds, Series 2012 B (the "Series 2012 B Bonds"), hereby finds and determines as follows:

1. The Series 2012 B Bonds shall be dated the date of closing thereon (estimated to be December 20, 2012) and shall bear interest on **June 1 and December 1 of each year commencing June 1, 2013**.

2. The Series 2012 B Bonds shall be issued in the aggregate principal amount of $7,800,000, at a true interest cost of 3.3283824%. Such interest rate does not exceed 8%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2012 B Bonds shall mature in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2012 B Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2012 B Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2012 B 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 $7,590,690.40 (representing par value less an Underwriter's discount of $51,237.50 and less a net reoffering original issue discount of $158,072.10).

7. The forms of the Bond Purchase Agreement, the Continuing Disclosure Certificate, the Official Statement and the Registrar Agreement attached hereto as Exhibits 1 through 4, respectively, are hereby approved.

8. The Registrar for the Series 2012 B Bonds shall be United Bank, Inc, Charleston, West Virginia.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2012 B Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2012 B Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS my signature as of the day and year first written above.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

Schedule 1

SERIES 2012 B SERIAL BONDS

Maturity Date	Amount	Interest Rate	Price	Yield	CUSIP No.
12/01/2028	$ 935,000	3.125%	98.452%	3.250%	084246GQ4
12/01/2029	$1,220,000	3.125%	97.741%	3.300%	084246GR2
12/01/2030	$1,260,000	3.125%	96.982%	3.350%	084246GS0
12/01/2031	$1,295,000	3.250%	97.916%	3.400%	084246GT8
12/01/2032	$1,340,000	3.250%	97.131%	3.450%	084246GU5

SERIES 2012 B TERM BONDS

$50,000 1.000% Series 2012 B Term Bond due December 1, 2014 at Price of 100.000%, CUSIP 084246GV3
$50,000 1.350% Series 2012 B Term Bond due December 1, 2016 at Price of 100.000%, CUSIP 084246GW1
$50,000 2.000% Series 2012 B Term Bonds due December 1, 2018 at Price of 101.632%, CUSIP 084246GX9
$315,000 2.000% Series 2012 B Term Bonds due December 1, 2020 at Price of 99.271%, CUSIP 084246GY7
$325,000 2.500% Series 2012 B Term Bonds due December 1, 2022 at Price of 99.301%, CUSIP 084246GZ4
$360,000 3.000% Series 2012 B Term Bonds due December 1. 2024 at Price of 100.513%, CUSIP 084246HA8
$600,000 3.000% Series 2012 B Term Bonds due December 1, 2027 at Price of 98.221%, CUSIP 084246HB6

Schedule 2

Redemption Provisions:

Optional Redemption

The Series 2012 B Bonds maturing on and after December 1, 2024, are subject to redemption prior to maturity, on or after December 1, 2022, at the option of the Issuer, in whole or in part, on any Business Day, in order of maturity selected by the District and by lot within a maturity in multiples of $5,000, from any moneys available for such purpose, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Series 2012 B Bonds maturing on December 1, 2014, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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, 2013 and December 1, 2014, in annual principal amounts as follows:

Year	Amount
2013	$25,000
2014 (Final Maturity)	$25,000

The Series 2012 B Bonds maturing on December 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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, 2015 and December 1, 2016, in annual principal amounts as follows:

Year	Amount
2015	$25,000
2016 (Final Maturity)	$25,000

The Series 2012 B Bonds maturing on December 1, 2018, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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, 2017 and December 1, 2018, in annual principal amounts as follows:

Year	Amount
2017	$25,000
2018 (Final Maturity)	$25,000

The Series 2012 B Bonds maturing on December 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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 December 1, 2020, in annual principal amounts as follows:

Year	Amount
2019	$155,000
2020 (Final Maturity)	$160,000

The Series 2012 B Bonds maturing on December 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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, 2021 and December 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$160,000
2022 (Final Maturity)	$165,000

The Series 2012 B Bonds maturing on December 1, 2024, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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, 2023 and December 1, 2024, in annual principal amounts as follows:

Year	Amount
2023	$170,000
2024 (Final Maturity)	$190,000

The Series 2012 B Bonds maturing on December 1, 2027, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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, 2025, December 1, 2026 and December 1, 2027, in annual principal amounts as follows:

Year	Amount
2025	$190,000
2026	$200,000
2027 (Final Maturity)	$210,000

The principal amount of Series 2012 B Bonds maturing December 1, 2014, December 1, 2016, December 1, 2018, December 1, 2020, December 1, 2022, December 1, 2024, and December 1, 2027, delivered to or purchased by the Paying Agent shall reduce pro tanto the principal amount of Series 2012 B Bonds to be redeemed on the mandatory redemption date with such maturity next following such delivery or purchase.

EXHIBIT 1

[Form of Bond Purchase Agreement]
(See Transcript No. 26)

EXHIBIT 2

[Form of Continuing Disclosure Certificate]
(See Transcript No. 27)

EXHIBIT 3

[Form of Official Statement]
(See Transcript No. 24)

EXHIBIT 4

[Form of Registrar Agreement]
(See Transcript No. 29)

$7,800,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
Water Revenue Bonds, Series 2012 B (Bank Qualified)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 20th day of December, 2012, the undersigned, Nelson Taul, Managing Director 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 20th day of December, 2012, in New York, New York, the Underwriter received the entire original issue of $7,800,000 in aggregate principal amount of the Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Series 2012 B Bonds"). The Series 2012 B Bonds, as so received on original issuance, are in various denominations, are all dated December 20, 2012, and are numbered from BR-1, upward in order of maturity, and are registered in the name of "CEDE & CO."

2. At the time of such receipt of the Series 2012 B 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 of the Series 2012 B Bonds and attested by D. Wayne Dunham as Secretary of the Issuer by his manual signature, and had been authenticated by an authorized officer of United Bank, Inc., as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Series 2012 B Bonds, the proceeds of the Series 2012 B Bonds, as follows:

Par Amount		$ 7,800,000.00
Less:	Underwriter's Discount	($ 51,237.50)
	Net Original Issue Discount	($ 158,072.10)
	Total	$ 7,590,690.40

Payment for the Series 2012 B Bonds was made in immediately available funds (federal funds wire) in the amount of $7,590,690.40.

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

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____
Its: Managing Director

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

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

6141359

$7,800,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
Water Revenue Bonds, Series 2012 B (Bank Qualified)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United Bank, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

On the 20th day of December, 2012, there are delivered to you herewith as Registrar for the above-captioned Bonds:

1. Bonds Nos. BR-1 through BR-12, inclusive, constituting the entire original issue of the Berkeley County Public Service District Water Revenue Bonds, Series 2012 B (Bank Qualified), dated December 20, 2012, in the aggregate principal amount of $7,800,000, (the "Series 2012 B Bonds"), executed by the Chairman and Secretary of Berkeley County Public Service District (the "Issuer") and bearing the official seal of the Issuer. The Series 2012 B Bonds are authorized to be issued under and pursuant to a Resolution adopted by the Issuer on November 26, 2012, as supplemented by a Supplemental Resolution adopted by the Issuer on November 26, 2012, (collectively, the "Resolution").

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

3. A list of the names in which the Series 2012 B 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 Series 2012 B 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

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

No. BR-1 $50,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
1.000%	December 1, 2014	December 20, 2012	084246GV3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIFTY 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, 2013 (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

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

No. BR-2

$50,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
1.350%	December 1, 2016	December 20, 2012	084246GW1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIFTY 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, 2013 (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

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

No. BR-3

$50,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.00%	December 1, 2018	December 20, 2012	084246GX9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIFTY 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, 2013 (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

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

No. BR-4

$315,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.00%	December 1, 2020	December 20, 2012	084246GY7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FIFTEEN 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, 2013 (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

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

No. BR-5

$325,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.50%	December 1, 2022	December 20, 2012	084246GZ4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED TWENTY-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, 2013 (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

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

No. BR-6

$360,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.00%	December 1, 2024	December 20, 2012	084246HA8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE 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, 2013 (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

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

No. BR-7

$600,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.00%	December 1, 2027	December 20, 2012	084246HB6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX 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, 2013 (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

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

No. BR-8

$935,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.125%	December 1, 2028	December 20, 2012	084246GQ4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED THIRTY-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, 2013 (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

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

No. BR-9

$1,220,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.125%	December 1, 2029	December 20, 2012	084246GR2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION TWO HUNDRED TWENTY 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, 2013 (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

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

No. BR-10

$1,260,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.125%	December 1, 2030	December 20, 2012	084246GS0

REGISTERED OWNER: CEDE & CO.

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

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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

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

No. BR-11

$1,295,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.250%	December 1, 2031	December 20, 2012	084246GT8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION 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, 2013 (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

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

No. BR-12

$1,340,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B BONDS (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.250%	December 1, 2032	December 20, 2012	084246GU5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION THREE 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, 2013 (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

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 $7,800,000 designated "Berkeley County Public Service District Water Revenue Bonds, Series 2012 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 20, 2012, 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 2012 B Bonds (as hereinafter defined); (iii) to pay capitalized interest; and (iv) to pay certain costs of issuance of the Series 2012 B Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on November 26, 2012, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on November 26, 2012 (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:

(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 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) 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"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi)

Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000; and (xiii) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds"), dated December 19, 2012, and issued in the original aggregate principal amount of $7,425,000.

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 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 A 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 Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after December 1, 2024, are subject to redemption prior to maturity, on or after December 1, 2022, at the option of the Issuer, in whole or in part, on any Business Day, in order of maturity selected by the District and by lot within a maturity in multiples of $5,000, from any moneys available for such purpose, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on December 1, 2014, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the 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, 2013 and December 1, 2014, in annual principal amounts as follows:

Year	Amount
2013	$25,000
2014 (Final Maturity)	$25,000

The Bonds maturing on December 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the 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, 2015 and December 1, 2016, in annual principal amounts as follows:

Year	Amount
2015	$25,000
2016 (Final Maturity)	$25,000

The Bonds maturing on December 1, 2018, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the 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, 2017 and December 1, 2018, in annual principal amounts as follows:

Year	Amount
2017	$25,000
2018 (Final Maturity)	$25,000

The Bonds maturing on December 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the 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 December 1, 2020, in annual principal amounts as follows:

Year	Amount
2019	$155,000
2020 (Final Maturity)	$160,000

The Bonds maturing on December 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the 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, 2021 and December 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$160,000
2022 (Final Maturity)	$165,000

The Bonds maturing on December 1, 2024, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the 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, 2023 and December 1, 2024, in annual principal amounts as follows:

Year	Amount
2023	$170,000
2024 (Final Maturity)	$190,000

The Bonds maturing on December 1, 2027, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the 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, 2025, December 1, 2026 and December 1, 2027, in annual principal amounts as follows:

Year	Amount
2025	$190,000
2026	$200,000
2027 (Final Maturity)	$210,000

The principal amount of Bonds maturing December 1, 2014, December 1, 2016, December 1, 2018, December 1, 2020, December 1, 2022, December 1, 2024, and December 1, 2027, delivered to or purchased by the Paying Agent shall reduce pro tanto the principal amount of Bonds to be redeemed on the mandatory redemption date with such maturity next following such delivery or purchase.In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds, and senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Resolution for the Bonds (the "Series 2012 B 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 2012 B 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 capitalized 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 2012 B 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.

[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:

D. Wayne Dunbar

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: December 20, 2012.

United Bank, Inc.,
as Registrar

By: _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, 20__.

_____

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.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

10/15/2012

Entered: September 25, 2012

CASE NO. 11-1748-PWD-CN

BERKELEY COUNTY PUBLIC SERVICE DISTRICT, dba
BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT

Application for a certificate of convenience and necessity to construct improvements to its existing water system, construct a raw water line from an existing well field to its Potomac River Water Treatment Plant, and to construct a new administrative/service building.

RECOMMENDED DECISION

INTRODUCTION

This Recommended Decision approves the certificate application, as modified, and the stipulated agreement as the resolution of this matter.

PROCEDURE

On December 7, 2011, Berkeley County Public Service District dba Berkeley County Public Service Water District (Berkeley County or District) filed an application for a certificate of convenience and necessity to construct improvements to its existing water system including (i) well pumps with electrical/control systems at its Potomac Station Well Field and new twelve-inch and sixteen-inch raw water main from the Potomac Station Well Field to the existing Potomac River Water Treatment Plant, increasing by 2.0 million gallons per day the source water available for treatment and distribution, (ii) an operations center on property owned by Berkeley County, and (iii) sixteen-inch, twenty-four-inch, and thirty-inch water mains along U.S. Route 11.

Berkeley County estimated that the water project will cost approximately $10,500,000 to be paid (i) through the issuance of revenue bonds in an amount not to exceed $7,000,000 for a term of thirty years at an interest rate not to exceed five percent and (ii) by Berkeley County from existing funds on hand that are restricted to capital expenditures. Berkeley County proposed a 2.9 percent rate increase for an average monthly bill for its various classes of customers.

On December 8 and 14, 2012, the Commission issued Orders requiring Berkeley County to provide notice of the propose project and related rate increase.

From January 3 through February 15, 2012, the Commission received seven letters of protest regarding the certificate application. The letters asserted that (i) Berkeley County should better manage its finances, (ii) expansions of Berkeley County should be funded by the new customers receiving service and not by existing customers, (iii) a new building is not necessary because existing buildings are available, (iv) the increase in the minimum bill of eight percent exceeds the 2.9 percent increase as noticed by Berkeley County, (v) the combined water and sewer bill exceeds rates charged by other cities, including the District of Columbia, (vi) the late payment fee of ten percent is unreasonable, (vii) Berkeley County should sell the proposed location of its new office and use the money to avoid the need for a rate increase during these difficult economic times, (viii) the need for the new office building should be investigated, (ix) there has not been a referendum to authorize the issuance of bonds, (x) the five percent rate on the bonds should be investigated, (xi) a rate increase would be a hardship on senior citizens, and (xii) there are more water lines in the ground than are presently needed.

On January 12, 2012, Berkeley County filed its certificate of posting, publication, and separate mailing of notice to customers asserting that Berkeley County had provided notice to its customers.

On January 19, 2012, Berkeley County filed a request to refinance a portion of its 2004 Water Revenue Bonds. Berkeley County stated that refinancing would eliminate a spike in the debt service requirements for the fiscal years of 2018 and 2019, thus lowering the amount of the requested rate increase in this case. The requested financing was included in the Rule 42 exhibit. Berkeley County argued that, because the refinancing is of existing debt and is not a part of the requested borrowing for construction of new projects, additional publication will not be necessary in this case.

On February 29, 2012, Berkeley County filed a revised Rule 42 exhibit stating that current conditions in the bond markets would allow it to fully refinance the outstanding 2004 Water Revenue Bond. Refinancing would reduce the amount of cash flow needed to meet bond coverage requirements. Berkeley County stated that refinancing would reduce the proposed rate increase in this case from 2.9 percent to 2.25 percent. Berkeley County argued that the limited number of protests, relative to its customer base of almost 20,000, did not constitute substantial protest and that a hearing was not necessary.

On February 29, 2012, Berkeley County filed a motion to toll the running of the statutory time period in this case for sixty days to allow Commission Staff to review its revised Rule 42 exhibit.

On March 2, 2012, the Commission entered an order granting the motion to toll filed by Berkeley County. The Commission established a revised statutory due date of November 1, 2012.

On May 7, 2012, Commission Staff filed its Final Joint Staff Memorandum. Staff recommended that the Commission approve (i) the application for a certificate of convenience and necessity to construct improvements to the water distribution system, including a new administrative/service building, (ii) the related funding, and (iii) a rate increase of 0.8 percent per annum.

On June 26, 2012, Staff and Berkeley County filed a joint stipulation and agreement for settlement (Joint Stipulation). The parties recommended that the Commission approve (i) the project pursuant to W.Va. Code §§24-2-11 and 16-13A-25, (ii) the revenue bond not to exceed $7,665,000 for a term of twenty years at an interest rate not to exceed five percent per annum (the parties noted that prior notice to customers stated that borrowing would not exceed $7,000,000), (iii) the use by Berkeley County of $3,745,000 from existing funds on-hand, (which are restricted to capital improvement expenditures), (iv) the request to refund the 2004 Water Revenue Bonds with a new revenue bond in the amount of $8,750,000 for a term of fourteen years at an interest rate not to exceed five percent per annum, and (v) the stipulated rates and charges schedule to go into effect on substantial completion of the project.

The parties asserted that (i) additional publication would not be necessary because the stipulated rate increase of 1.35 percent is less than the noticed increase and (ii) the proposed rates do not include Capacity Improvement Fees.

On July 13, 2012, the Commission referred this matter to the Division of Administrative Law Judges for public hearing to be held in Berkeley County. The Commission also established a decision due date of on or before September 25, 2012.

By Procedural Order issued on July 31, 2012, a procedural schedule was adopted setting this matter for evidentiary hearing to be held on August 7, 2012, in Martinsburg, West Virginia.

On August 7, 2012, the hearing was held as scheduled. Appearing on behalf of the Applicant, Berkeley County Public Service District, was Hoy G. Shingleton, Jr., Esq., of the Law Offices of Hoy Shingleton, L.C., and appearing on behalf of Commission Staff was Ronald R. Robertson, Esq., of the Commission's Legal Division. In support of the certificate and joint stipulation, the District submitted the testimony of Paul Fisher, its Executive Director, and the testimony of its Engineer, Chris Thiel, P.E. and CPA. The District introduced into evidence one exhibit, consisting of a map of the District's current service territory. In support of the joint stipulation, Commission Staff presented the testimony of Jonathan Fowler, P.E., and the testimony of Pamela Latocha, Utilities Analyst. Staff also introduced one exhibit, the Final

Joint Staff Memorandum, into evidence. Joint Exhibit No. 1, the joint stipulation, was also introduced into evidence and sponsored by both parties.

On August 9, 2012, the transcript and exhibits from the August 7, 2012 hearing held in Martinsburg, West Virginia, were filed. The transcript consisted of 117 pages of testimony, including the reporter's certificate.

On August 13, 2012, Berkeley County filed an affidavit of publication evidencing that notice of the August 7, 2012 public hearing was published on August 4 and 6, 2012, in The Journal, a qualified newspaper, published and of general circulation in the City of Martinsburg, Berkeley County.

On August 20, 2012, Berkeley County filed proposed findings of fact and conclusions of law. As of today's date, no other filings have been made herein.

DISCUSSION

The District was structured as it stands today because of the merger of the Berkeley County Public Service District, Hedgesville Public Service District and Opequon Public Service District into one entity, effective July 1, 2001. At the time of the merger, the customer count was approximately 11,000. Today, there are approximately 20,200 customers. Although the former Hedgesville and Opequon Districts are interconnected, Berkeley County District is connected to neither of them. (Tr., pp. 25-26)

Currently, the District's service territory includes almost all of Berkeley County. One of the objectives of the District's August 2004 facilities management plan was to research and discover new sources of supply for Berkeley County. The proposed raw water line and finished water line are part of the instant project because there needs to be a connection from the District's well field to the District's Potomac River Water Treatment Plant. The wells drilled at this location are where the District found water which will significantly increase the District's water supply in the county. The other alternative would be for the District to construct a $3.5 million or $4.0 million treatment plant. The construction of the raw and finished water lines will eliminate the need for the District to construct a new treatment plant. Once the lines are constructed, the raw water will be treated at the Potomac River Treatment Plant and pumped through high service pumping facilities at that location to the District's distribution system. In addition, the well field will be a backup source of supply to the Potomac River source, particularly in times of turbidity. The District has known the Potomac River to have nephelometric turbidities to rise as high as 700 or 800 units. Also, the Potomac River source is prone to blue-green algae blooms in August and September. The water from the well field can be used in both instances to dilute the Potomac River water when and if needed. The Potomac River Treatment Plant is the District's largest plant with the capacity to treat 6,000,000 gallons per day. (Tr., pp. 17- 22; District Exhibit No. 1).

The finished water line is one of the projects prioritized from the District's August 2004 facilities management plan. The line will run approximately 2 miles, transversing north and south, and will replace 8-inch cast-iron water main. The finished water line will enhance the District's transmission system, since the District considers the Potomac River Treatment Plant to be its largest long-term source of supply for its customers. None of the District's other plants have the capability to be expanded in order to accommodate growth. The well fields are considered secondary sources, are in some instances stand-alone sources, and do not have sufficient capacity or production. In addition, this portion of the project will replace a lot of smaller pipes located in the District's existing system. (Tr., pp. 27-32).

In its July 13, 2012 Referral Order, the Commission expressed concern regarding the proposed administrative/service building because several of the protest letters received regarding the certificate application questioned the need for the administrative/service building. Based on the testimony and exhibits presented at hearing, the administrative/service building appears to be a prudent expenditure by the District.

When the merger of the Hedgesville, Opequon and Berkeley County Districts took place in 2001, there was an administrative staff at three different locations. None of the locations had the ability to house or even to expand and house all of the employees and equipment needed to manage the system. In some instances, District employees have travelled as many as 20 to 25 miles to get to a worksite or a customer's location. Additionally, the facilities currently used are inadequate and substandard for use, lacking in storage, parking and work space for employees, in particular maintenance employees. In the case of administrative personnel, it is virtually impossible to have all personnel in one place at the same time for meetings. Notwithstanding the lack of square footage, parking is one of several issues that cannot be successfully managed under the current conditions. (Tr., pp. 33-41).

Prior to making the decision to actually construct the administrative/service building, the District, on two separate occasions, unsuccessfully tried to purchase and modify an existing structure. In 2003, the District looked for a building solely for its maintenance personnel, without success. Most available buildings were in undesirable locations with inappropriate facilities. The District also looked in 2004 and 2005, without success, for a building for its maintenance personnel. In 2008, when the District decided conclusively to build its own administrative/service building, it had initially considered three different sites which were unsuitable due to location, monthly rent or the high cost of purchase and renovation. (Tr., pp. 42-44, 51-54, 75-84).

Prior to making its decision, the District involved its personnel in a "needs assessment" as to functional requirements of the administrative/service building. (Tr., pp. 73-74). The District's administrative/service building will house the District's office and engineering staff as well as the District's maintenance and distribution personnel. Also, the building will house the District's trucks, equipment and supplies. (Tr., p. 15). The new administrative/service facility, once in service, will result in approximately $77,340 in savings in rent per year. In

addition, there will be non-monetary benefits such as the increase in employee morale, teamwork, efficiency, and more desirable working conditions. The District will be able to keep its records, which are required by the various agencies that it reports to, in one location. Personnel will be able to speak face-to-face with each other and have a location to meet developers and other members of the public regarding service or billing issues. The administrative/service building will be functional and practical, but will not include unnecessary items. There are approximately 1,400 customer office visits per month at the District's offices. The location of the new building will be more convenient for the District's customers as well as for the District's employees. (Tr., pp. 44-51; 93-104; Staff Exhibit No. 1).

As a result of the project, O&M expenses will decrease by $51,540, annually. (Staff Exhibit No. 1; Tr., pp. 100-104). As a result of the project and stipulation, the District's rates will increase by 1.35% which amounts to approximately a 12-cent increase per thousand gallons per month. (Tr., pp. 64, 110; Joint Exhibit No. 1). Based, in part, on these factors, Commission Staff is of the opinion that the stipulated agreement is reasonable, is in the public interest and should be approved. (Tr., pp. 108-110).

The joint stipulation that the Administrative Law Judge is asked to approve herein contains the following:

> The parties note that the Notice of Filing published in The Journal and mailed to the District's customers pursuant to Commission Order stated that borrowing would not exceed seven million dollars ($7,000,000). However, the District's Rule 42 Exhibit, and Staff's review of the Application, assumed a borrowing not to exceed $7,665,000 (see the Final Joint Staff Memorandum). Furthermore, the proposed rate increase of 1.35% is lower than both the original and revised District-proposed rate increases. Therefore, the parties agree that no further notice to District customers is required.

The Administrative Law Judge notes that West Virginia Code §24-2-11 does not state, with specificity, what the published notice regarding the project should include, leaving such matters to the Commission's discretion. The Commission, on the other hand, requires via Form No. 14 of its Procedural Rules that the Applicant publish notice of the amounts and sources of funding. Therefore, the failure to provide additional notice listing the correct amount of the borrowing is a technical violation regarding publication. However, since the rate increase is less than the amount that was noticed to the public, the Administrative Law Judge agrees with the parties that the notice previously provided substantially complies with Procedural Rule 10.3., particularly since the increase in borrowing associated with the project's construction is small, in comparison to the overall construction costs, and since the refinancing accrues substantially to the benefit of the District's customers by avoiding a spike in future debt service payments.

In consideration of all of the above, the joint stipulation will be approved in its entirety.

FINDINGS OF FACT

1. On December 7, 2011, the Berkeley County Public Service District dba Berkeley County Public Service Water District filed an application for a certificate of public convenience and necessity to construct certain additions and improvements to its existing waterworks distribution system under the auspices of West Virginia Code §§24-2-11 and 16-13A-25, at a cost of $10,500,000 to be financed through the issuance of revenue bonds in an amount not to exceed $7,000,000 for a term of 30 years at an interest rate not to exceed 5% and by the District's existing funds on hand that are restricted to capital expenditures. In addition, the District proposed to increase rates by 2.9% for an average monthly bill for its various classes of customers. The proposed certificate consists of three projects, including the construction of an administrative/service building. (See, certificate application filed herein on December 7, 2011).

2. From January 3 through February 15, 2012, the Commission received seven letters of protest regarding the certificate application, several of which questioned the need for the administrative/service building. (See, letters filed herein on January 3 through February 15, 2012).

3. On January 12, 2012, Berkeley County filed its certificate of posting, publication and separate mailing confirming that it provided notice of the pending certificate application and proposed rate increase. The affidavit of publication accompanying the certificate verified that notice of the application was published as a Class I legal advertisement in The Journal, a newspaper published and of general circulation in the City of Martinsburg, Berkeley County, West Virginia, on December 23, 2011. (See, filing made herein on January 12, 2012, by the District).

4. The District modified its application on January 19 and February 29, 2012. The January 19th modification requested approval to refinance a portion of its 2004 Water Revenue Bonds in order to eliminate a spike in the debt service requirements for the fiscal years of 2018 and 2019, and to decrease the amount of its requested increase. The February 29th modification requested that the District be allowed to fully refinance the District's 2004 outstanding issue. The District also filed a revised Rule 42 exhibit. (See, District's filings made on January 19 and February 29, 2012, herein).

5. After investigation and review, Staff recommended that the proposed project and financing be approved for the project. However, Staff only recommended an 0.8% increase in rates and charges. (See, Staff Exhibit No. 1).

6. On June 26, 2012, Staff and the District filed a joint stipulation and agreement for settlement, recommending, among other things, approval of the proposed certificate application, as modified, with an increase in rates and charges of 1.35%, resulting in an overall

increase in revenue of $126,760. The stipulated rates will take effect upon substantial completion of the project. (See, Joint Exhibit No. 1).

7. The revised cost of the proposed project is estimated to be $20,160,000, which consists of (i) a revenue bond not to exceed $7,665,000.00; (ii) a contribution from the District in the amount of $3,745,000.00 from existing funds which are restricted to capital improvements; and (iii) the refinancing of the District's existing 2004 revenue bond with a new revenue bond in the amount of $8,750,000.00 to be underwritten by Southwest Securities Group for a term of 14 years at 5% interest, annually. (See, Joint Exhibit No.1).

8. The stipulated rates and charges do not contain any reference to Capacity Improvement Fees, although such fees have been included in the District's tariff since 2005. In Case No. 09-0961-PSWD-GI the District was ordered by the Commission to discontinue the use of such fees. The Commission denied the District's petition for reconsideration on August 7, 2012. (See, Commission Orders entered on May 12, 2012, and August 7, 2012, in Case No. 09-0961-PSWD-GI).

9. No new customers are anticipated to be added as a result of the project. Therefore, the cost per customer is $517, which the Engineering Division deems to be reasonable. (See, Staff Exhibit No. 1).

10. The proposed water system improvements are part of a well-prepared long-term plan of the District which will eliminate a number of hydraulic constrictions in the District's system and will also strengthen and increase system reliability. The new administrative/service facility, once in service, will result in approximately $77,340 in savings in rent per year. In addition, there will be non-monetary benefits such as the increase in employee morale, teamwork, efficiency, and more desirable working conditions. In addition, O&M expenses will decrease by $51,540 per year. (See, Staff Exhibit No. 1; Tr., pp. 100-102).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project. The project is financially feasible since the construction portion of the project is 46% funded by funds that the District has on hand which are restricted to capital improvement expenditures and since it will result in only a cost per customer of $517 and will allow the District to refinance the entirety of its outstanding 2004 revenue bonds in order to avoid spikes in the District debt service requirements in future years.

2. It is reasonable to approve the certificate since the proposed project is part of a well-prepared long-term plan of the District which will eliminate a number of hydraulic constrictions in the District's system; will also strengthen and increase system reliability; and will result in approximately $77,340 in savings in rent per year when the new

administrative/service facility is in service and a decrease in O&M expenses of $51,540 per year.

3. It is reasonable to approve the joint stipulation filed herein since the customers of the District will benefit from the improved and more reliable service and the avoidance of debt service spikes and will only receive a 1.35% increase in overall rates and charges.

ORDER

IT IS, THEREFORE, ORDERED that the Joint Stipulation filed herein on June 26, 2012, and attached hereto as Appendix A, including its subparts, is approved as the resolution of these matters.

IT IS FURTHER ORDERED that the duly-verified certificate application filed on December 7, 2011, and as modified by the Berkeley County Public Service District, dba Berkeley County Public Service Water District, on January 19 and February 29, 2012, be, and hereby is, approved subject to the specific conditions set forth in the Joint Stipulation filed herein on June 26, 2012.

IT IS FURTHER ORDERED that the project financing, at a revised cost of $20,160,000, which consists of (i) a revenue bond not to exceed $7,665,000.00; (ii) a contribution from the District in the amount $3,745,000.00 from existing funds which are restricted to capital improvements; and (iii) the refinancing of the District's existing 2004 revenue bond with a new revenue bond in the amount of $8,750,000.00 to be underwritten by Southwest Securities Group for a term of 14 years at 5% interest, annually, be, and hereby is, approved.

IT IS FURTHER ORDERED that the stipulated rates and charges, attached hereto as a subpart of Appendix A, be, and hereby are, approved for use by the District upon substantial completion of the project.

IT IS FURTHER ORDERED that the District file an original and at least five (5) copies of its approved rates and charges no later than thirty days after the project certificated herein is certified as substantially complete.

IT IS FURTHER ORDERED that the District obtain additional Commission approval, prior to construction, if the plans or scope of the project changes.

IT IS FURTHER ORDERED that, if a change in the project cost does not change project rates, no additional Commission approval is necessary; however, the District will be required to file an affidavit executed by its certified public accountant, verifying that the District's rates and charges are not affected.

IT IS FURTHER ORDERED that the District file with the Commission a copy of the engineer's certified bid tabulations for all contracts awarded for the project and submit a copy of the Certificate of Substantial Completion issued for each construction contract associated with the project, as soon as they become available.

IT IS FURTHER ORDERED that, if the project certificated herein requires the use of any West Virginia Department of Highways' rights-of-way, the District follow all applicable rules and regulations of the Department of Highways regarding those rights-of-way.

IT IS FURTHER ORDERED that, prior to construction, the District obtain all required permits.

IT IS FURTHER ORDERED that this case be, and it hereby is, stricken 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 by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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.

Meyishi Pearl Blair

Meyishi Pearl Blair
Administrative Law Judge

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**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

CASE NO. 11-1748-PWD-CN

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
d/b/a Berkeley County Public Water District
Application for a Certificate of Convenience
and Necessity.

JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

Pursuant to West Virginia Code § 24-1-9 and Rules 11 and 13.4 of the Commission's Rules of Practice and Procedure, Berkeley County Public Service District (the "District") and the Staff of the Public Service Commission of West Virginia (the "Staff") join in this Joint Stipulation and Agreement for Settlement (the "Joint Stipulation"), and, in support thereof, respectfully represent as follows:

I. PROCEDURAL BACKGROUND

1. On December 7, 2011, Berkeley County Public Service District (the "District") filed a Certificate of Convenience and Necessity to construct improvements to its existing water distribution system, construct a raw water line from an existing well field to its Potomac River Water Treatment Plant and to construct a new administrative/service building. Funding for the project will be in the form of a Revenue Bond not to exceed seven million ($7,000,000.00) dollars to be underwritten by Southwest Securities Group for a term of thirty (30) years at an interest rate not to exceed 5.0%. The remaining three

million five hundred thousand ($3,500,000.00) dollars of the funds for the project will be provided by the District from existing funds on hand which are restricted to capital expenditures.

2. In its Application, the District asked for a rate increase of 2.9% over its current rates.

3. On January 12, 2012, the District filed a Certificate of Posting Publication and Separate Mailing of Notice to Customers" indicating that the District had complied with the Commission's order to publish notice of the pending case in newspaper of general circulation in Berkeley County, West Virginia, post a Notice of the pending case at the District's offices and mail Notice of the pending case to all of the District's customers.

4. On January 19, 2012 the District filed a request with the Commission to approve a partial refunding of the District's 2004 Water Revenue Bonds. The purpose of the refinance was to eliminate a "spike" in the Debt Service Requirements for fiscal years 2018 and 2019.

5. On February 29, 2012, the District filed a Revised Rule 42 Exhibit and stated that it had been informed by its financial consultant that conditions in the bond market would allow a complete refunding of all of the outstanding 2004 Bond Issue. Refunding of the complete issue further reduces the District's cash flow needs to meet bond coverage requirements, resulting in a reduced rate increase request by the District from 2.9% to 2.25%.

6. On February 29, 2012, the District requested an extension of the due date of the decision in this case, which was not opposed by Staff, and pursuant to an Order entered by the Commission on March 2, 2012 the decision due date was extended to November 1, 2012.

7. On May 7, 2012, Staff filed its Final Joint Staff Memorandum which recommended the project be approved with a rate increase of 0.8% per annum.

8. The District in two filings with the Commission on May 14, 2012 and May 23, 2012, asked for extensions of the time within which it was required to respond to Staff's Final Joint Staff Memorandum and stated in the requests that District personnel intended to meet with Staff and hopefully resolve differences between the District and Staff.

9. In order to address the issues in Staff's report to which the District objected Mr. Paul Fisher, Executive Director of the District, participated in a telephone conference with Staff. As a result of said meeting, the parties have agreed to a settlement of the differences between the parties which it is agreed will provide the District with an increase in revenue sufficient to address the District's concerns without agreeing to specific items of difference between the parties. This Settlement Agreement results in an increase in revenues of one hundred twenty six thousand seven hundred sixty ($126,760) dollars, or an increase of 1.35% in rates and charges. The rates will take effect upon substantial completion of the projects described in the District's Application.

II. SETTLEMENT PROVISONS

As a result of these negotiations the District and the Staff agree with the following:

1. Pursuant to West Virginia Code §24-2-11 and §16-13A-25 the District's Application for a Certificate of Convenience and Necessity for the projects previously described should be approved.

2. Approval of project funding consisting of a Revenue Bond not to exceed seven million six hundred sixty-five thousand ($ 7,665,000.00) dollars to be underwritten by Southwest Securities Group for a term of twenty (20) years at an interest rate not to exceed 5.0% per annum. The remaining three million seven hundred forty-five thousand ($3,745,000.00) dollars of construction funds will be provided by the District from existing funds on hand which are restricted to capital improvement expenditures.

The parties note that the Notice of Filing published in The Journal and mailed to the District's customers pursuant to Commission Order stated that borrowing would not exceed seven million dollars ($7,000,000). However, the District's Rule 42 Exhibit, and Staff's review of the Application, assumed a borrowing not to exceed $7,665,000 (see the Final Joint Staff memorandum). Furthermore, the proposed rate increase of 1.35% is lower than both the original and revised District proposed rate increases. Therefore the parties agree that no further notice to District customers is required.

3. Approval of the refunding of the District's existing 2004 Revenue Bonds with a new Revenue Bond in the amount of eight million seven hundred fifty thousand

($8,750,000) dollars to be underwritten by Southwest Securities Group for a term of fourteen (14) years at an interest rate not to exceed 5.0% per annum.

4. The approval of the Stipulated Rates and Charges is shown on Attachment 1, and the Stipulated Revenue Requirements is shown on Attachment 2. These rates shall go into effect upon substantial completion of the project.

5. The parties acknowledge the Stipulated Rates and Charges in Attachment 1 do not contain any reference to Capacity Improvement Fees ("CIFs"). CIFs have been included in the District's tariff since 2005. However, CIFs are the subject of a General Investigation before the Commission (Case Number 09-0961-PSWD-GI). By Order of the Commission in that matter dated May 9, 2012, the Commission discontinued the use by the District of CIFs. The District has filed a Motion for Reconsideration, which remains pending. The parties further acknowledge that the District has the right to appeal the final decision of the Commission to the West Virginia Supreme Court of Appeals. At such time as the Commission enters a final Order in that case, to which all appeals have been exhausted, the parties shall jointly request the Commission to make any adjustments to Attachment 1 to reflect the final outcome of case 09-0961-PSWD-GI.

6. The District will provide a copy of the engineer's certified bid tabulations for all contracts to be awarded for this project as soon as they become available.

7. The District will submit a copy of the "Certificate of Substantial Completion" issued for each construction contract associated with the project as soon as they become available.

III. CONCLUSION

This Joint Stipulation is entered into subject to the acceptance and approval of the Commission. It results from a review of any and all filings in this proceeding, the Parties' discovery and discussions and Commission orders. It reflects substantial compromises by the Parties and the withdrawal of their respective positions asserted in this case, and is being proposed to expedite and simplify the resolution of this proceeding. It is made without any admission or prejudice to the rights of any Party to adopt any position during subsequent litigation, except as such rights are elsewhere limited in this Joint Stipulation. The Parties adopt the Joint Stipulation as being in the public interest.

The Parties acknowledge that it is the prerogative of the Commission to accept, reject or modify any stipulation. However, in the event that this Joint Stipulation is rejected or modified, it is expressly understood by the Parties that they are not bound to accept this Joint Stipulation as modified or rejected and may avail themselves of whatever rights are available to them by law in the Commission's Rules of Practice and Procedure, including proceeding with the appeal of the Commission's decision in this case..

WHEREFORE, on the basis of the foregoing, the Parties respectfully request that the Commission make appropriate findings of fact and conclusions of law adopting and approving this Joint Stipulation and Agreement for Settlement.

Respectfully submitted this 25TH day of June, 2012.

Respectfully submitted,

BERKELEY COUNTY PUBLIC SERVICE DISTRICT, d/b/a Berkeley County Public Service Water District

By Counsel

HOY G. SHINGLETON, JR.
WV Bar # 3378
Counsel for Berkeley County Public Water District
115 Aikens Center, Suite 24
Martinsburg, West Virginia 25404
304-262-4773 phone
304-262-4775 fax
shinglet@comcast.net

STAFF OF THE PUBLIC SERVICE COMMISSION

By Counsel

RONALD R. ROBERTSON, JR. WVSB No. 4658
Public Service Commission of West Virginia
Post Office Box 812
Charleston, WV 25323-0812
(304) 340-0336

Berkeley County Public Service Water District
STIPULATED Tariff

SCHEDULE I

APPLICABILITY
Applicable within the entire territory served

AVAILABILITY
Available for general domestic, commercial and industrial water service.

(I) RATES (Customers with metered water supply)

First	2,000 gallons used per month	$9.07 per 1,000 gallons
Next	88,000 gallons used per month	$5.88 per 1,000 gallons
All Over	90,000 gallons used per month	$4.16 per 1,000 gallons

(C,I) MINIMUM CHARGE
No minimum bill will be rendered for less than the following amounts per month according to meter size installed.

5/8 inch meter	$ 18.14
1 inch meter	$ 45.35
1 - 1/2 inch meter	$ 90.70
2 inch meter	$ 145.12
3 inch meter	$ 290.24
4 inch meter	$ 453.50
6 inch meter	$ 907.00
8 inch meter	$1,451.20

(I) PRIVATE FIRE PROTECTION SERVICE
Where connections, hydrants, sprinklers, etc on private property are maintained by consumer.

Fire Hydrants, $128.62 per hydrant per year, payable annually

Private Fire Protection Sprinkler systems shall pay $128.62 per year, plus $0.43 per sprinkler head, payable annually.

Hose Connections, for fire use only $74.38 per year, payable annually Simplex or Duplex

Secured Government Installments $30.21 per inch (fire line nominal diameter-payable monthly

DELAYED PAYMENT PENALTY

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

RECONNECTION

$20.00

To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills or fraudulent use of water.

TAP FEE

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

A tap fee of $450.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

(I) LEAK ADJUSTMENT

$0.68 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

SPECIAL WATER SERVICES

1. Where water is desired for only a short period of time, and not continuously throughout the year, such as for vacation homes or cottages, building purposes, street paving, cleaning property, filling tanks or other uses of this kind, an application shall be made as set forth in Water Rule 4.1.6., and payment made in accordance with the applicable schedule of rates and charges, in which case a suitable deposit shall be made.

2. When making application for special water service, the applicant shall pay the District the (a) applicable security deposit; and (b) service reconnecting charge.

3. The applicant shall forfeit the total security deposit if the District can show the user tampered with any District property.

4. Each reconnecting of a special water service shall require a new application.

(C) RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her bank due to insufficient funds.

(N) SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class or fifty dollars, whichever is greater. This fee may be changed by applicable statuary provisions.

(C) Indicates change in text
(I) Indicates change
(N) Indicates new

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
STIPULTED REVENUE REQUIREMENTS

Attachment 2

		STIPULATED $
Available Cash		
Residential customers		7,037,246
Commercial customers		1,663,202
Industrial customers		668,693
Public Authorities customers		150,180
Private Fire Protection		139,242
Penalties		201,429
Other Operating Income		325,545
Other Income		75,695
Total Available Cash		10,261,232
Cash Requirements		
Operation and Maintenance Expenses		5,059,075
Taxes Other Than Income Taxes		167,788
Total Cash Requirements		5,226,863
Cash Available for Debt Service	(A)	5,034,369
Debt Service Requirements		
Interest and Principal	(B)	4,035,130
Sub-Total		4,035,130
Other Debt - Capital Lease Martinsburg		63,984
Total Debt Service Reserve Requirements Before Renewal and Replacement Fund		4,099,114
Remaining Cash Surplus (Deficit)		935,255
Cash Surplus Available for Capital Additions		
Renewal & Replacement Reserve (2.5%)		256,531
Remaining Surplus After R & R Fund		678,724
Total Available for Capital Additions		935,255
Debt Service Coverage Factor (A/B)		124.76%

December 9, 1954

IN VACATION OF 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.

Harold O. Keedy CLERK

Teste:

December 10, 1954

Court Met Pursuant to Adjournment.

Present: O. C. Noll, Pres.;
Ernest C. Althar, 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 OREO 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 H. 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 heretofore 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 and convenience 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.

O. C. Noll
President and County Commissioner

E. C. Alther
County Commissioner

W. F. Reid
County Commissioner

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

O. 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.

Harold O. Keedy CLERK

Teste:

December 14, 1954

Court Met Pursuant to Adjournment.

Present: O. C. Noll, Pres.,
Ernest C. Alther, 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.

O. 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. Alther, 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 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: 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. Alther, 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. 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

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: Rosalie O. Hardy CLERK

January 24th, 1956

Court Met Pursuant to Adjournment

Present: William F. Reid, Pres.,
Ernest C. Alther, 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 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. Alther, 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: 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: _____ CLERK

January 24th, 1956

Court Met Pursuant to Adjournment

Present: William F. Reid, Pres.,
Ernest C. Alther, 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.

_____ PRES.

January 25th, 1956

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,
Ernest C. Alther, 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: 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. Alther, 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 H. 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 L. Fagel
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.

William F. Reid 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 argument 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. E. 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 1st day of June, 2000.

D. Wayne Dunham

D. Wayne Dunham, President

Robert L. Burkhart

Robert L. Burkhart, Commissioner

John E. Wright

John E. Wright, Commissioner

ATTEST:

John W. Small

John W. Small, Clerk
County Commission of
Berkeley County

(SEAL)

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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.

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[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. 33 (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
Sandra Squire
Executive Secretary

ARC
CLW/lfg
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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.

CLWick
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A True Copy, Teste:

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 Berkeley.

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

06/26/01
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 0 5 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.

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

www.berkeleycountycomm.org

THE COMMISSION

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

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

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

DEBORAH HAMMOND
COUNTY ADMINISTRATOR

SHERRY A. CAIN
ADMINISTRATIVE SECRETARY

RECEIVED
MAY 21 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

www.berkeleycountycomm.org

THE COMMISSION

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

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

JOHN E. WRIGHT, COMMISSIONER
POST OFFICE BOX 257
BUNKER HILL, WEST VIRGINIA 25413

DEBORAH HAMMOND
COUNTY ADMINISTRATOR

SHERRY A. CAIN
ADMINISTRATIVE SECRETARY

RECEIVED
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

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

Given under my hand this 29TH day of MAY, 2003

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, 2003.

John W. Small

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.

ON FILE WITH ISSUER

Minutes

BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT

Regular Meeting
(Monday) November 26, 2012 5:00 p.m.

The Board of Directors of the Berkeley County Public Service District met at 77 Monroe St. on November 26, 2012.

Present: Board Members: Greg Rhoe, Bruce Dorsey, Wayne Dunham, Lynn Leatherman and Ruby Kern; Executive Director Paul Fisher; District Engineer Chris Thiel; District Counsel Hoy Shingleton; Recording Secretary Ray Morales; Guests: Samantha Cronk of the Journal and John Stump, Esquire from Steptoe & Johnson PLLC

Welcome Guests

Chairman Rhoe welcomed those present and called the meeting to order at 5:00 p.m.

Approval of Agenda – Discussion/Action

A motion was made to approve the Agenda as presented.

Moved – Bruce Dorsey
Second – Lynn Leatherman
Passed – Unanimously

Approval of Minutes of the regular meeting of November 13, 2012.

The Board approved the minutes of the regular meeting of November 13, 2012 as presented.

Moved — Ruby Kern
Second – Wayne Dunham
Passed— Unanimously

Consideration of a Bond Resolution authorizing the issuance of the Water Revenue Bonds, Series 2012A, in the aggregate principal amount of not more than $8,000,000 to refinance the 2004 Bond Issue for the District and the costs of issuance of the Bonds.

Paul Fisher, Executive Director, gave the Board the background regarding the refinancing of the entire 2004 Bond Issue. We had previously only asked for refinancing of 2 spike years when we did our Rule 42 last year; however, after speaking to our Financial Advisor (FA) Brian Nurick of Southwest Securities, Inc., it was apparent that pursuing refinancing of the entire 2004 Bond Issue would be beneficial. As a result, we amended our Rule 42 and have received the Public

Service Commission's (PSC) approval to move forward.

John Stump, Esquire reaffirmed that the Water Revenue Bonds, Series 2012A would be publicly sold bonds; rated by Moody's and not insured. Counselor Hoy Shingleton reminded the Board that because these Bonds are not insured, any decision that would materially effect the District would require a majority consent from the Bond Holders. It was John Stump's professional recommendation that the Board adopt the Water Revenue Bonds, Series 2012A resolution.

A motion was made to adopt the Bond Resolution authorizing the issuance of the Water Revenue Bonds, Series 2012A, in the aggregate principal amount of not more than $8 million dollars to refinance the 2004 Bond Issue for the District and the costs of issuance of the Bonds.

Moved – Lynn Leatherman
Second – Ruby Kern
Passed - Unanimously

Consideration of a Supplemental Resolution providing for the parameters for the terms and conditions of the Series 2012A Bonds and authorizing the Chairman to execute a Certificate of Determinations specifying the exact terms and conditions of the Series 2012 A Bonds with such parameters.

John Stump stated this was the second required action by the Board for the 2012A Bonds. A Supplemental Resolution authorized Chairman Greg Rhoe to execute a Bond Purchase Agreement. With his signature, the District locks in the terms and conditions of the Bonds. Until this is done, Bonds cannot be sold.

A motion was made to adopt the Supplemental Resolution for the 2012A Bonds and authorize the Chairman to execute a Certificate of Determinations specifying the exact terms and conditions of the Series 2012A Bonds with such parameters.

Moved – Wayne Dunham
Second – Bruce Dorsey
Passed - Unanimously

Consideration of a Bond Resolution authorizing the issuance of the Water Revenue Bonds, Series 2012B, in the aggregate principal amount of not more than $8,500,000 to finance certain capital improvements for the District and the costs of issuance of the Bonds.

Mr. Fisher reminded the Board that roughly a year ago the Board formed a committee consisting of Board Members and Staff to prioritize the projects on the District's Facility Management Plan (FMP). As a result, this committee came up with 3 projects which are as follows: 1) the Potomac Station Wells project, 2) the Operation Center project and 3) the Berkeley Station Transmission Main project. These projects were recommended to the Board and the Board adopted them and

has since received approval by the Public Service Commission (PSC) to move forward with the projects as well as the borrowing of funds for these projects.

Mr. Fisher and Counselor Hoy Shingleton explained that these projects would require a rate increase of 1.35% which would go into effect after the District receives substantial completion certificates on all 3 projects which is likely to be in the first or second quarter of 2014. Mr. Shingleton also noted that the District has always worked to keep rate increases as low as possible.

As with Bonds Series 2012A, the Series 2012B is a rated transaction and not Insured Bonds. It was John Stump's professional recommendation that the Board adopt the Water Revenue Bonds, Series 2012B resolution.

A motion was made to adopt the Bond Resolution authorizing the issuance of the Water Revenue Bonds, Series 2012B, in the aggregate principal amount of not more than $8.5 million dollars to finance certain capital improvements for the District and the costs of issuance of the Bonds.

Moved – Bruce Dorsey
Second – Ruby Kern
Passed - Unanimously

Consideration of a Supplemental Resolution providing for the parameters for the terms and conditions of the Series 2012B Bonds and authorizing the Chairman to execute a Certificate of Determinations specifying the exact terms and conditions of the Series 2012B Bonds with such parameters.

John Stump stated this was the second required action by the Board for the 2012B Bonds. A Supplemental Resolution authorized Chairman Greg Rhoe to execute a Bond Purchase Agreement. With his signature, the District locks in the terms and conditions of the Bonds. Until this is done, Bonds cannot be sold.

A motion was made to adopt the Supplemental Resolution for the 2012B Bonds and authorizes the Chairman to execute a Certificate of Determinations specifying the exact terms and conditions of the Series 2012B Bonds with such parameters.

Moved – Lynn Leatherman
Second – Wayne Dunham
Passed - Unanimously

Discussion/Adoption of Resolution recognizing William L. Stubblefield for service to the Water District.

On December 31, 2012, William L. Stubblefield will be leaving the County Council and the District felt it very important to recognize Mr. Stubblefield for the hard work he's put into the Water District as a former Board Member and County Council Liaison. Mr. Fisher then read the Resolution honoring William L. Stubblefield.

A motion was made to adopt the Resolution recognizing William L. Stubblefield for his contribution to the Water District.

Moved – Bruce Dorsey
Second – Ruby Kern
Passed - Unanimously

Report from District Engineer – Discussion/Action.

Developer Activities:

Recommending approval by the Board for the following:

- Design drawings for Board of Child Care. Extension of 485 feet of 8-inch water main to serve 2 single family lots on Brown Rd. (#1203).

A motion was made to approve the Engineering Report.

Moved – Ruby Kern
Second – Wayne Dunham
Passed - Unanimously

Report from Executive Director – Discussion/Action.

- Mr. Fisher discussed a CD the District opened in the Security Deposit Fund in the amount of $148,951.39 for 48 months with a rate of 1.00% at Susquehanna Bank. He recommended the Board ratify the action.

  *A motion was made to ratify the CD investment (#.....4898) in the amount of $*148,951.39 *for 48 months at 1.00% at Susquehanna Bank.*

  Motion – Wayne Dunham
  Second – Lynn Leatherman
  Passed – Unanimously

- As in years past, Mr. Fisher asked the Board for permission to purchase turkeys and $25.00 gift cards for the employees at Christmas time.

A motion was made to authorize the Executive Director to purchase turkeys and $25.00 gift cards for the employees at Christmas time.

Moved – Bruce Dorsey
Second – Ruby Kern
Passed – Unanimously

- Mr. Fisher reminded the Board about our Christmas Luncheon on Friday December 21st at 12:30pm to be held at the Comfort Inn on Edwin Miller Blvd.

Good of the Order & Public Comments.

There were no comments made.

Executive Session to discuss Legal Matters.

No action is anticipated following the Executive Session.

A motion was made to go into Executive Session to discuss legal matters.

Moved – Bruce Dorsey
Second – Wayne Dunham
Passed – Unanimously

Adjournment

There being no further business, motion made for adjournment at 6:05p.m.
Moved— Bruce Dorsey

Gregory S. Rhoe
Chairman

D. Wayne Dunham
Secretary

Ray Morales
Recording Secretary

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Writer's Contact Information

December 20, 2012

Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2012 B (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

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 $7,800,000 in aggregate principal amount Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Series 2012 B Bonds").

The Series 2012 B Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on November 26, 2012, as supplemented (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 2012 B Bonds are issued for the purposes of providing funds, together with other moneys available thereof, (i) to finance the costs of acquisition or construction of additions, betterments and improvements to the existing waterworks of the Issuer; (ii) to pay capitalized interest; (iii) to fund the Series 2012 B Bonds Reserve Account; and (iv) to pay costs of issuance and related costs.

The Series 2012 B Bonds have been sold to Ross, Sinclaire & Associates, LLC (the "Purchaser"), pursuant to a Bond Purchase Agreement dated December 13, 2012, 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 Certificate and the Continuing Disclosure Certificate 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 Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2012 B Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Certificate and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2012 B Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement and the Continuing Disclosure Certificate and has issued and delivered the Series 2012 B Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement and the Continuing Disclosure Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2012 B Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. Assuming continuing compliance by the Issuer with certain covenants in the Resolution and other documents pertaining to the Series 2012 B Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States, interest on the Series 2012 B Bonds is not includable in the gross income of the owners of the Bonds for purposes of federal income taxation. Interest on the Series 2012 B Bonds is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals or corporations. Interest on the Series 2012 B Bonds, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may, therefore, affect a corporation's alternative minimum tax liability.

5. The Series 2012 B Bonds have been designated as "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Code.

6. Under the Act, the Series 2012 B Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2012 B Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

7. The Series 2012 B Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (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 (West Virginia Water Development Authority), dated October 25, 2001; (vi) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003; (vii) Water Refunding Revenue Bonds, Series 2003 C, dated May 15, 2003; (viii) Water Revenue Bonds, Series 2006, dated December 28, 2006; (ix) Water Revenue Bonds, Series 2007, dated December 21, 2007; (x) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008; (xi) Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009; and (xii) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) dated on December 19, 2012 (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 2012 B Bonds and the Resolution.

Other than as explicitly provided herein, we express no opinion as to any other federal income tax consequences caused by ownership of or receipt of interest on the Series 2012 B Bonds.

It is to be understood that the rights of the holders of the Series 2012 B Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2012 B Bonds, the Resolution, the Continuing Disclosure Certificate and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. BR-1 through BR-12 of said issue, and in our opinion, said Series 2012 B Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

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Writer's Contact Information

December 20, 2012

$7,800,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
Water Revenue Bonds, Series 2012 B (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale by the Berkeley County Public Service District (the "District" or "Issuer") of its $7,800,000 aggregate principal amount of Water Revenue Bonds, Series 2012 B (the "Series 2012 B Bonds"). In our capacity as bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2012 B Bonds and the exclusion of interest on the Series 2012 B 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 "Bond Purchase Agreement") dated December 13, 2012, between the District and Ross Sinclaire & Associates, LLC (the "Underwriter").

Based upon the foregoing, we are of opinion that:

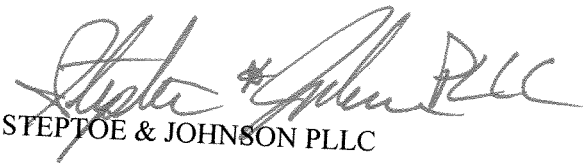
(1) The Bond Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto, is a legal, valid, binding and enforceable agreement of the District (except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles affecting creditors' rights generally).

(2) The Series 2012 B Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as a trust indenture pursuant to the Trust Indenture Act of 1939, as amended.

(3) The statements and information contained in the Official Statement under the caption "Tax Matters" are true and accurate in all material respects and presents a fair summary and description of the matters summarized and described under such caption.

(4) The statements contained in the Official Statement under the captions "Security for the Series 2012 B Bonds," "The Series 2012 B Bonds" (except for the statements referred to therein under the sub-captions "Book-Entry Only System" with respect to the Depository Trust Company), "Status of Capacity Improvement Fees and Impact on Series 2007 Notes," "Appendix C – Form of Bond Counsel Opinion" and "Appendix D – Form of Resolution," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Resolution, are complete and accurate and present a fair summary of the matters referred to therein.

Very truly yours,



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December 20, 2012

Ross, Sinclaire and Associates, LLC
700 Walnut Street, Suite 600
Cincinnati, Ohio 45202

Re: $7,800,000 Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2012 B (Bank Qualified)

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by the Berkeley County Public Service District (the "Issuer") of its Water Revenue Bonds, Series 2012 B (the "Series 2012 Bonds") in the aggregate principal amount of $7,800,000. In connection with rendering this opinion, we have examined the Bond Purchase Agreement dated December 13, 2012 (the "Purchase Contract"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Contract.

Based upon the foregoing, we are of the opinion that the Purchase Contract has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the Underwriter.

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 its transcript of closing documents pertaining to the delivery of the Series 2012 Bonds.

Very truly yours,

Jackson Kelly PLLC

{C2496093.1}

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December 20, 2012

Ross, Sinclaire and Associates, LLC
700 Walnut Street, Suite 600
Cincinnati, Ohio 45202

Re: $7,800,000 Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2012 B (Bank Qualified)

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by the Berkeley County Public Service District (the "Issuer") of its Water Revenue Bonds, Series 2012 B (the "Series 2012 Bonds") in the aggregate principal amount of $7,800,000. In connection with rendering this opinion, we have examined the Bond Purchase Agreement dated December 13, 2012 (the "Purchase Contract"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Contract.

Based upon the foregoing, we are of the opinion that the Purchase Contract has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the Underwriter.

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 its transcript of closing documents pertaining to the delivery of the Series 2012 Bonds.

Very truly yours,

Jackson Kelly PLLC

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December 20, 2012

Ross, Sinclaire and Associates, LLC
700 Walnut Street, Suite 600
Cincinnati, Ohio 45202

Re: $7,800,000 Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2012 B (Bank Qualified)

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by the Berkeley County Public Service District (the "Issuer") of its Water Revenue Bonds, Series 2012 B (the "Series 2012 Bonds") in the aggregate principal amount of $7,800,000. In connection with rendering this opinion, we have examined the Bond Purchase Agreement dated December 13, 2012 (the "Purchase Contract"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Contract.

Based upon the foregoing, we are of the opinion that the Purchase Contract has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the Underwriter.

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 its transcript of closing documents pertaining to the delivery of the Series 2012 Bonds.

Very truly yours,

Jackson Kelly PLLC

{C2496093.1}

Law Offices of Hoy Shingleton, L.C.
115 Aikens Center, Suite 24
Martinsburg, WV 25404

304-262-4773 Telephone
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shinglet@comcast.net

December 20, 2012

$7,800,000
Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2012 B (Bank Qualified)

Berkeley County Public Service District
Berkeley County Public Service Water District
Paul Fisher, Executive Director
P.O. Box 737
83 Monroe Street
Martinsburg, West Virginia 25404

Ross, Sinclaire & Associates, LLC
700 Walnut Street
Cincinnati, Ohio 45202

Steptoe & Johnson PLLC
Chase Tower Eighth Floor
P.O. Box 1588
Charleston, West Virginia 25326

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 2012 B Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of December 13, 2012 (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 2012 B 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 2012 B Bonds adopted on November 26, 2012, as supplemented by a Supplemental Parameters Resolution adopted

November 26, 2012 (collectively, the "Resolution"), the Continuing Disclosure Agreement (the "Undertaking"), the Purchase Agreement, the Official Statement dated December 13, 2012, with respect to the issuance and offering of the Series 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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

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Writer's Contact Information

December 20, 2012

Berkeley County Public Service District
Martinsburg, West Virginia

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

Re: $7,800,000 Berkeley County Public Service District - Water Revenue Bonds, Series 2012 B (Bank Qualified)

Ladies and Gentlemen:

We have acted as disclosure counsel in connection with the above-referenced bonds (the "Bonds"), which are being issued by the Berkeley County Public Service District, West Virginia (the "District") and delivered today to Ross, Sinclaire & Associates, LLC, as the underwriter for the Bonds (the "Underwriter"). The Underwriter is purchasing the Bonds pursuant to a Bond Purchase Agreement dated December 13, 2012 (the "Bond Purchase Agreement") from the Underwriter and approved and accepted by the District. Unless the context otherwise requires, all capitalized terms used herein without definition have the respective meanings ascribed to them in the Bond Purchase Agreement.

In such capacity, we have examined executed counterparts of the Preliminary Official Statement dated November 26, 2012, and the Official Statement dated November 28, 2012 (the "Official Statement") with respect to the Bonds; the Continuing Disclosure Certificate dated December 19, 2012 (the "Undertaking") and the Bond Purchase Agreement. We have reviewed and are familiar with Rule 15c2-12 of the Securities Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Further, we have examined and relied on originals or copies identified to our satisfaction of such records of the District, such other agreements and instruments, such certificates of public officials, officers of the District and such other persons, and such other documents as we have deemed necessary as a basis for the opinions hereinafter expressed. In all such examinations, we have assumed the conformity to original documents of all documents submitted tc us as certified or photostatic copies, the authenticity of all documents submitted to us as original documents and the authenticity of originals of all documents submitted as certified or photostatic copies.

Based upon the foregoing, we are of the opinion that the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule. In rendering the foregoing opinion, we have relied as to certain matters on information obtained from officials of the District and other sources believed by us to be responsible and we have assumed that the Undertaking has been duly authorized, executed and delivered by the parties thereto.

6160418

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, the board for the District, representatives of the District, counsel for the District and the Underwriter, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, including 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 the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the addressees hereof, 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 its transcript of closing documents pertaining to the delivery of the Bonds.

Very truly yours,

STEPTOE & JOHNSON PLLC

6160418

7,800,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Revenue Bonds, Series 2012 B (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 2012 B 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
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 2012 B BONDS
21. RELIANCE OF BOND COUNSEL
22. USE OF SERIES 2012 B BOND PROCEEDS
23. EXECUTION OF COUNTERPARTS

On this 20th day of December, 2012, 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 20th day of December, 2012, in connection with the $7,800,000 aggregate principal amount of the Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Series 2012 B Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings set forth in the bond resolution of the Issuer duly adopted November 26, 2012, as supplemented by a supplemental parameters resolution duly adopted November 26, 2012 (collectively, the "Bond Legislation"), and the Bond Purchase Agreement dated December 13, 2012 (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 2012 B 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 2012 B Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2012 B Bonds, nor in any manner affecting the validity or enforceability of the Series 2012 B 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 2012 B 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 2012 B Bonds which are not set forth in the Official Statement relating to the Series 2012 B 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 2012 B 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 2012 B Bonds by Recommended Decision dated September 25, 2012, which became a Final Order dated October 15, 2012, in Case No. 11-1748-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 2012 B 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 coverage's are available at reasonable cost.

7. AWARD OF SERIES 2012 B BONDS; SIGNATURES: The Series 2012 B 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 $7,590,690.40 (representing par value less an Underwriter's discount of $51,237.50 and less a net original issue discount of $158,072.10). There is no accrued interest on the Series 2012 B Bonds.

As of the date hereof, the Series 2012 B 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 2012 B Bonds, in various denominations and numbered BR-1 to BR-12, inclusive. At the time of delivery of the Series 2012 B Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Par Amount		$7,800,000.00
Less:	Underwriter's Discount	($ 51,237.50)
	Net Original Issue Discout	($ 158,072.10)
	Total	$7,590,690.40

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 Order

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 Certificate

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 June 30, 2012. There are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon have the lien positions with respect to the Net Revenues of the waterworks system of the Issuer: (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 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) 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"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000; and (xiii) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds") dated December 19, 2012, and issued in the original aggregate principal amount of $7,425,000.

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 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 A 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.

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 2012 B 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, 2001	July 2, 2015
3. D. Wayne Dunham	July 1, 2001	July 2, 2015
4. Ruby S. Kern	December 14, 2006	June 23, 2017
5. Lynn Leatherman	March 10, 2011	June 2, 2017

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 2012 are as follows:

Chairman	-	Gregory Rhoe
Vice Chairman	-	Calvin B. Dorsey
Secretary	-	D. Wayne Dunham
Treasurer	-	Ruby Kern
Parliamentarian	-	Lynn Leatherman

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 September 25, 2012, which became a Final Order on October 15, 2012, in Case No. 11-1748-PWD-CN, will go into effect upon substantial completion (anticipated to occur in the spring of 2013) of the Project.

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: All representations, warranties and agreements of the Issuer set forth in the Bond Purchase Agreement, as set forth in Exhibit A, are true and correct in all material respects as of the date hereof, and each of the obligations of the Issuer under the Bond Purchase Agreement have been performed at or prior to the date of this Certificate.

16. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of United Bank, Inc., Charleston, West Virginia, as Registrar, the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent and Depository Bank, however, costs of issuance for the Series 2012 B 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 2012 B Bonds and the interest thereon. Less than 10% of the proceeds of the Series 2012 B 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 2012 B 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 2012 B Bonds, including the disproportionate related business use of the proceeds of the Series 2012 B 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 2012 B Bonds. None of the proceeds of the issue of the Series 2012 B 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 2012 B 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 2012 B Bonds and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, at the appropriate location for filing. The information set forth in such Form 8038-G is true, correct and complete in all respects.

20. SPECIMEN SERIES 2012 B BONDS: Delivered concurrently herewith are true and accurate specimens of the Series 2012 B Bonds.

21. RELIANCE OF BOND COUNSEL: The undersigned acknowledge that it is intended that interest on the Series 2012 B 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.

22. USE OF SERIES 2012 B BOND PROCEEDS: The proceeds of the Series 2012 B Bonds will be used to pay costs of acquisition and construction of the Project, fund a reserve account for the Series 2012 B Bonds or to pay costs of issuance of the Series 2012 B Bonds and other costs in connection with the issuance of the Series 2012 B 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

6141780

EXHIBIT A

(i) A certificate, satisfactory to the Underwriter, of the Chairman of the District or any other of your duly authorized officers satisfactory to the Underwriter, dated as of the Closing, to the effect that: (i) you have duly performed all of your obligations to be performed at or prior to the Closing and that each of your representations and warranties contained herein are true as of Closing, (ii) you have authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Undertaking, 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 Official Statement, (iii) to your knowledge no litigation is pending, or to your knowledge threatened, to restrain or enjoin the collection of the Net Revenues, the pledge of the Net Revenues to the Bonds, the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Resolution, (iv) the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Resolution and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and your compliance with the provisions thereof will not conflict with or constitute on your 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 you are subject or by which you are or may be bound and (v) you are in compliance with all covenants in your outstanding resolutions which authorized bonds secured by the Net Revenues of the System;

(ii) A certificate of the District executed by an authorized officer thereof, dated the Closing Date and in form and substance satisfactory to the Underwriter and counsel to the Underwriter, to the effect that the District is obligated by such Undertaking 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).

$7,800,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
Water Revenue Bonds
Series 2012 B
(Bank Qualified)

Dated: December 20, 2012

Delivery Date: December 20, 2012

TAX CERTIFICATE AND AGREEMENT

The undersigned is the Chairman of the Berkeley County Public Service District (the *"Issuer"*).

This Tax Certificate and Agreement (the *"Tax Certificate and Agreement"*) is executed as of December 20, 2012 for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the $7,800,000 Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "*2012 B Bonds*") and the use of the proceeds of the 2012 B Bonds. The certifications and representations made herein are intended, and may be relied upon, as a certification described in Section 1.148-2(b)(2) of the Treasury Regulations. The 2012 B Bonds are authorized pursuant to a Resolution adopted on November 26, 2012, as supplemented by a Supplemental Resolution adopted by the Issuer on November 26, 2012, which authorized the issuance of the 2012 B Bonds (collectively, the "*Resolution*").

One purpose of executing this Tax Certificate and Agreement is to set forth various facts regarding the 2012 B Bonds and to establish the expectations of the Issuer as to future events regarding the 2012 B Bonds and the use of 2012 B Bond proceeds. The Issuer is not aware of any inaccuracies in such statements and have no reason to believe they are unreasonable. Accordingly, the expectations presented herein are intended, and may be relied upon, as a certification of an officer of the Issuer given in good faith as described in Section 1.148-2(b)(2) of the Regulations.

This Tax Certificate and Agreement also sets forth certain terms and conditions relating to the restrictions on the use and investment of the proceeds of the 2012 B Bonds in order that the interest received by the owners of the 2012 B Bonds will be excluded from gross income for federal income tax purposes.

NOW, THEREFORE, the Issuer hereby certifies, covenants, represents and agrees as follows:

ARTICLE I

GENERAL

Section 1.1 **Authorization.** The 2012 B Bonds are being executed and delivered by the Chairman of the Issuer pursuant to the Resolution and such execution and delivery was authorized by the Resolution.

Section 1.2 **Definitions.** Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings set forth in the Resolution or, if not defined in the Resolution, in Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and related Treasury Regulations.

"Project" means the Project as defined in the Resolution.

Section 1.3 **Purpose of the 2012 B Bonds.**

The 2012 B Bonds are being executed and delivered for and on behalf of the Issuer for the purpose of (i) to finance the costs of acquisition or construction of additions, betterments and improvements to the existing waterworks of the Issuer; (ii) to pay capitalized interest; (iii) to fund the 2012 B Bonds Reserve Account; and (iv) to pay costs of issuance and related costs.

Section 1.4 **Reliance on Other Parties.** The expectations of the Issuer concerning certain uses of the proceeds of the 2012 B Bonds and other matters are based in whole or in part on representations and certifications of other parties set forth in this Tax Certificate and Agreement and accompanying certificates. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation or certification made in this Tax Certificate and Agreement and accompanying certificates.

Section 1.5 **Governmental Bond.** For purposes of determining whether the 2012 B Bonds are private activity bonds, the Issuer covenants and represents that it reasonably expects, for the entire term of the 2012 B Bonds:

(i) Not more than ten percent (10%) of the proceeds of the 2012 B Bonds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(ii) Not more than ten percent (10%) of the payment of principal of or interest on the 2012 B Bonds will be, directly or indirectly, (A) secured by any interest in (1) property used or to be used for a private business use by any person other than a state or local governmental unit, or (2) payments in respect of such property, or (B) 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 by any person other than a state or local governmental unit.

(iii) Not more than five percent (5%) of the proceeds of the 2012 B Bonds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(iv) The Project will not be used in such a manner that more than ten percent (10%) of the proceeds of the 2012 B Bonds will be used in the trade or business of a nongovernmental person. No user of the Project other than a state or local governmental unit has or will during term of the 2012 B Bonds use more than ten percent (10%) of such facilities on any basis other than the same basis as the general public, and no person other than a state or local governmental unit will be a user of more than ten percent (10%) of such facilities as a result of (A) ownership, (B) actual or beneficial use pursuant to a lease or a management or incentive payment contract, or (C) any other similar arrangement.

Section 1.6 **Single Issue for Certain Tax Purposes.** No obligations are being sold at substantially the same time (i.e., within fifteen (15) days) as the 2012 B Bonds. Other than the Series 2012 A Bonds no obligations are being sold pursuant to the same plan of financing as the 2012 B Bonds and reasonably expected to be paid from substantially the same source of funds as the 2012 B Bonds, determined without regard to guarantees from unrelated parties.

Section 1.7 **Bonds not Hedge Bonds.** The Issuer reasonably expects with respect to the 2012 B Bonds, to spend at least eighty-five percent (85%) of the spendable proceeds of such issue to carry out the governmental purposes for which such issue is being issued within three (3) years of the date hereof. Not more than fifty percent (50%) of the proceeds of the 2012 B Bonds are expected to be, invested in investments having a substantially guaranteed yield for four (4) years or more.

Section 1.8 **Reimbursement.** None of the proceeds received from the sale of the 2012 B Bonds (including investment earnings therein) will be used to reimburse the Issuer or any Related Person to the Issuer for an expenditure paid prior to the date of the Closing.

Section 1.9 **No Working Capital.** All of the proceeds received from the sale of the 2012 B Bonds (including investment earnings thereon) will be used, directly or indirectly, to finance Capital Expenditures of the Issuer, except that such proceeds may also be used for the following:

(i) an amount not greater than 5 percent of the proceeds of the 2012 B Bonds for working capital expenditures directly related to Capital Expenditures financed by the 2012 B Bonds (including interest that accrues on the proceeds of the 2012 B Bonds after all or portions of the Project are Placed in Service);

(ii) payments of interest on the proceeds of the 2012 B Bonds for a period commencing at Closing and ending on the later of the date three years after Closing or one year after the date on which Project is Placed in Service;

(iii) payments for issuance costs and qualified administrative costs (as defined in Section 1.148-5(e) of the Regulations) of the Bonds;

(iv) payments for reasonable charges for "qualified guarantees," if any, relating to the 2012 B Bonds (as defined in the Regulations);

(v) payments of rebate or Yield Reduction Payments (as defined in Section 1.148-5(c) of the Regulations) made to the United States of America under the Regulations; and

(vi) principal or interest on the 2012 B Bonds paid from unexpected excess Sale Proceeds or investment earnings thereon.

Section 1.10 **Consequences of Contrary Expenditure.** The Issuer acknowledges that if the Gross Proceeds of the 2012 B Bonds (including investment earnings thereon) are spent for purposes other than as permitted by Section 1.9, a like amount of then available funds of the Issuer will be treated as unspent Gross Proceeds of the 2012 B Bonds which, among other things, may be subject to the yield restrictions described in Article III hereof and rebate described in Article IV hereof.

Section 1.11 **Hedge.** The Issuer represents that neither it nor any Related Person to it has entered, as of the date hereof, into any hedge (e.g., interest rate swap, interest rate cap, futures contract, forward contract or option) with respect to the 2012 B Bonds. The Issuer acknowledges that any such hedge could affect the calculation of Bond Yield under the Regulations and that the Internal Revenue Service could recalculate the Bond Yield if the failure to account for the hedge fails to clearly reflect the economic substance of the transaction.

Section 1.12 **No Grants.** None of the proceeds received from the sale of the 2012 B Bonds or investment earnings thereon will be used to make grants to any person.

Section 1.13 **No Sale of Project.** The Issuer does not expect to sell or otherwise dispose of its interest in the Project before the maturity or retirement of the 2012 B Bonds except for such minor parts or portions thereof as may be disposed of due to normal wear, obsolescence or depreciation, or except to controlled affiliates or affiliates under common control with the Issuer.

Section 1.14 **No Prohibited Facilities.** None of the Sale or Investment Proceeds of the 2012 B Bonds will be used to purchase or otherwise provide any airplane, skybox or other private luxury box, facility primarily used for gambling, store the principal business of which is the sale of alcoholic beverages for consumption off premises or a bank or savings and loan institution.

Section 1.15 **Management Service Contracts; Professional Service Contracts.** With respect to any management contract, service contract, agreement or arrangement that provides for the management, operation or provision of services with respect to the bond-financed facilities or any portion thereof (a "Service Contract"), the Issuer represents, warrants and covenants that neither the Issuer nor any person who is a Related Person (meaning any person with a relationship described in Section 147(a)(2) of the Code) to the Issuer will enter into, or has entered into, any Service Contract with any person or organization other than a state or local government unit unless the guidelines set forth in Revenue Procedure 97-13 (the "Guidelines"), are satisfied. The requirements of the preceding sentence do not apply to the extent the Issuer obtains a private letter ruling from the Internal Revenue Service or an Opinion of Bond Counsel, which allows for a variation from the Guidelines.

Section 1.16 **Change in Use.** If a use of any component of the Project is proposed which is different from the uses described in this Tax Regulatory Agreement, and if the Issuer is unable to secure an opinion of Bond Counsel in connection therewith that such change in use will not adversely affect the tax-exempt status of the Bonds, the Issuer will exercise all of its rights under the Resolution to cause all of the Bonds to be redeemed prior to such change in use or will take some other remedial action permitted by Treasury Regulation Section 1.141-12 and obtain an opinion of Bond Counsel that such remedial action will not adversely affect the tax-exempt status of the Bonds.

Section 1.17. **EIN.** The Issuer's employer identification number is 55-6008864.

ARTICLE II

ARBITRAGE

Section 2.1 **Reasonable Expectations.** This Article II states the reasonable expectations, statements of facts and estimates of the Issuer with respect to the amount and use of the proceeds of the 2012 B Bonds and certain other funds. On the basis of the following, it is not expected that the 2012 B Bonds will be *"arbitrage bonds"* within the meaning of Section 148 of the Code.

Section 2.2 **Sale Proceeds.**

(a) Sources of Proceeds.

Sale proceeds of the 2012 B Bonds are as follows:

Par Amount	$7,800,000.00
Less: Net Original Issue Premium	($158,072.10)
Sale Proceeds	$7,641,927.90

(b) Uses of Proceeds.

The sale proceeds of the 2012 B Bonds, minus underwriters' discount ($51,237.50) shall be used as follows:

(i) An amount of $117,000.00 will be deposited in the Costs of Issuance Fund (the *"Costs of Issuance Fund"*) established under the Resolution and used to pay the costs of issuance of the 2012 B Bonds including legal fees, Registrar and Paying Agent fees and other fees and expenses associated with the issuance of the 2012 B Bonds); and

(ii) An amount of $6,628,363.39 will be deposited in the Construction Fund established under the Resolution; and

(iii) An amount of $106,329.88 will be deposited to the Capitalized Interest Fund established under the Resolution for the payment of Capitalized Interest on the 2012 B Bonds; and

(iv) An amount of $738,997.13 will be deposited in the debt service reserve fund established for the Bonds

Section 2.3 **No Overissuance.** The total proceeds to be received from the sale of the 2012 B Bonds and anticipated investment earnings thereon do not exceed the total of the amount necessary to finance the governmental purposes for which the 2012 B Bonds are issued as described above.

Section 2.4 **Investment of Proceeds.** No portion of the 2012 B Bonds is being issued solely for the purpose of investing the proceeds at a yield higher than the yield on the 2012 B Bonds or to replace funds which were used, directly or indirectly, to acquire investments with a yield higher than the yield on the 2012 B Bonds.

Section 2.5 **Funds and Accounts.**

(a) General. The following funds are created and established under the Resolution:

(i) The Revenue Fund

(ii) The Renewal and Replacement Fund

(iii) The Sinking Fund

(iv) The Costs of Issuance Fund;

(v) The Construction Fund;

(vi) The Capitalized Interest Fund;

(vii) The Reserve Account;

(viii) The Rebate Fund.

The Issuer certifies that the following subsections accurately reflect various matters relating to these funds and accounts.

(b) Revenue Fund. The Gross Revenues of the System are required to be deposited monthly into the Revenue Account. The Revenue Account is essentially a clearing fund and is expected to be transferred and depleted on a monthly basis.

(c) Renewal and Replacement Fund. Subject to the prior requirements for distributions and payments as provided in the Resolution, the District will 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. 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.

(d) Sinking Fund. The Sinking Fund will be used primarily to achieve a proper matching of revenues and debt service within each bond year. To the extent the Sinking Fund will be used to pay debt service on the 2012 B Bonds, it is expected to be depleted at least once each bond year except for a reasonable carryover amount not to exceed the greater of (i) the earnings on investment of the moneys in these accounts for the immediately preceding bond year, or (ii) one-twelfth (1/12th) of the debt service on the 2012 B Bonds for the immediately preceding bond year. Amounts deposited in the Sinking Fund will be expended to pay debt service on the 2012 B Bonds within thirteen (13) months from the date of deposit therein pursuant to the Indenture. The Sinking Fund is expected to constitute a "bona fide debt service fund" within the meaning of the Treasury Regulations.

Amounts deposited into the Sinking Fund for the purpose of paying current debt service on the 2012 B Bonds may be invested at an unrestricted yield for a period not exceeding thirteen (13) months from the date of the first deposit of such amounts to such fund and, thereafter, at a yield not materially higher than the yield on the 2012 B Bonds. For investments of amounts described in the preceding sentence, the term "*materially higher*" means one-thousandth of one percentage point (.001%).

(e) Costs of Issuance Fund. As described in Section 2.2(b)(i) hereof, $117,000.00 of the proceeds of the 2012 B Bonds will be deposited in the Costs of Issuance Fund.

Proceeds of the 2012 B Bonds deposited in the Costs of Issuance Fund generally may be invested at an unrestricted yield for a period of thirteen (13) months from the date hereof, and, thereafter, at a yield not materially higher than the yield on the 2012 B Bonds. For investments of amounts described in the preceding sentence, the term *"materially higher"* means one-thousandth of one percentage point (.001%).

(f) Construction Fund. As described in Section 2.2(b)(ii) hereof, $6,628,363.39 of the proceeds of the 2012 B Bonds will be deposited in the Construction Fund and will be used to pay costs associated with the design, acquisition, construction, equipping of the Project.

The Issuer will proceed with due diligence toward the completion of the Project, which is reasonably expected to occur on or prior to the date which is three years from the date of this Certificate. The Issuer has made, or has entered into or will enter into within six (6) months of he date hereof, binding contracts or commitments obligating the expenditure of, not less than the lesser of $100,000 or 5% of the estimated costs of the Project. The total proceeds to be received by the Issuer from the sale of the 2012 B Bonds, and any investment earnings thereon, will be expended on the costs of the Project. The total proceeds to be received by the Issuer from the sale of the 2012 B Bonds, and any investment earnings thereon, will be expended on the costs of the Project within three years of the date hereof. Proceeds of the 2012 B Bonds deposited in the

Construction Fund generally may be invested at an unrestricted yield for a period of three (3) years from the date hereof, and, thereafter, at a yield not materially higher than the yield on the 2012 B Bonds. For investments of amounts described in the preceding sentence, the term *"materially higher"* means one-thousandth of one percentage point (.001%).

(g) Capitalized Interest Fund. As described in Section 2.2(b)(iii) hereof, $106,329.88 of the proceeds of the 2012 B Bonds will be deposited in the Capitalized Interest Fund for the payment of capitalized interest on the 2012 B Bonds.

Amounts deposited into the Capitalized Interest Fund for the purpose of paying current debt service on the 2012 B Bonds may be invested at an unrestricted yield for a period not exceeding thirteen (13) months from the date of the first deposit of such amounts to such fund and, thereafter, at a yield not materially higher than the yield on the 2012 B Bonds. For investments of amounts described in the preceding sentence, the term *"materially higher"* means one-thousandth of one percentage point (.001%).

(h) Reserve Account. The Reserve Account is required to be funded and held for the benefit of the holders of the 2012 B Bonds, and shall be used solely for the purpose of paying principal of and/or interest on such Outstanding Bonds as to which there would otherwise be a default. Proceeds of the 2012 B Bonds deposited in the Reserve Account may be invested at an unrestricted yield from date of deposit

(i) Rebate Fund. The Issuer has covenanted not to use moneys of any fund or account in connection with the 2012 B Bonds in a manner which will cause the 2012 B Bonds to be arbitrage bonds within the meaning of Section 148 of the Code. To that end, the Rebate Fund will be funded to the extent required either from transfers from the other funds or accounts or from the Issuer's general funds. The Issuer shall deposit into the Rebate Fund any payments received in accordance with this Tax Certificate and Agreement for purposes of paying rebate to the United States Treasury Department and so identified. The amount required to be held in the Rebate Fund at any point in time is determined pursuant to the requirements of the Code, including particularly Section 148(f) of the Code and the Treasury Regulations promulgated thereunder. Moneys in the Rebate Fund are neither pledged to nor expected to be used to pay debt service on the 2012 B Bonds.

Section 2.6 No Replacement. Other than proceeds of the 2012 B Bonds, neither the Issuer nor any person related to it within the meaning of Section 147(a) of the Code (a *"Related Person"*) has on hand any funds which could legally and practically be used for the purposes for which the 2012 B Bonds are being issued which are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes. Accordingly, no portion of the proceeds of the 2012 B Bonds will be used (i) directly or indirectly to replace funds of the Issuer or any Related Person that could be used for the purpose for which the 2012 B Bonds are being issued, or (ii) to replace any proceeds of any prior issuance of obligations by the Issuer or any Related Person.

Section 2.7 No Other Sinking or Pledged Funds. Except for the Sinking Fund and Reserve Account, no other funds or accounts have been or are expected to be established, and no moneys or property have been or are expected to be available or pledged (no matter where held

or the source thereof) which are expected to be used or available to pay, directly or indirectly, principal or interest on the 2012 B Bonds, or restricted so as to give reasonable assurance of their availability for such purposes.

Section 2.8 **No Abusive Arbitrage Device.** The Issuer certifies, warrants and covenants that the 2012 B Bonds are not and will not be part of a transaction or series of transactions that (i) attempts to circumvent the provisions of Section 148 of the Code and related Treasury Regulations, thereby enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage, and (ii) overburdens the tax-exempt bond market in any manner, including, without limitation, issuing more bonds, issuing bonds earlier, or allowing them to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purpose of the 2012 B Bonds.

Section 2.10 **No Sale of Facilities.** The Issuer does not expect to sell or otherwise dispose of its interest in the facilities financed by the 2012 B Bonds before the maturity or retirement of the 2012 B Bonds, except for such minor parts or portions thereof as may be disposed of due to normal wear, obsolescence or depreciation.

Section 2.11 **Average Maturity.** The weighted average maturity of the 2012 B Bonds will not exceed 120% of the remaining reasonably expected economic life of the Project.

ARTICLE III

CALCULATION OF YIELD

Section 3.1 **Yield.** For purposes of this Tax Certificate and Agreement, yield is calculated as set forth in Section 148(h) of the Code and Sections 1.148-4 and 1.148-5 of the Treasury Regulations. Thus, yield generally means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal and interest with respect to an obligation and the cost of qualified guarantees (if any) paid and to be paid with respect to such obligation, produces an amount equal to the issue price of the obligation.

The Issuer certifies, based upon representations of the Underwriter shown in Exhibit A hereto, that the aggregate reoffering price of the 2012 B Bonds is $7,641,928, which represents the price at which the 2012 B Bonds were sold to the public (excluding bond houses, brokers and other intermediaries). For purposes hereof, yield shall be calculated on a 360-day year basis with interest compounded semiannually. The yield on the 2012 B Bonds on an aggregate basis as computed by Ross, Sinclaire & Associates, LLC, the underwriter for the 2012 B Bonds, is at least 3.2749390%.

ARTICLE IV

REBATE

Section 4.1 **Undertakings.** The Issuer has covenanted to comply with certain requirements of the Code. The Issuer covenants that it shall retain an arbitrage consultant to

determine any rebate due with respect to any rebate or yield reduction payments required to be made with respect to the Bonds. The Issuer acknowledges that the United States Department of the Treasury has issued Treasury Regulations with respect to these undertakings, including the proper method for computing whether any rebate amount is due the United States under Section 148(f) of the Code (i.e., Sections 1.148-0 through 1.148-11, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Treasury Regulations). The Issuer covenants that it will undertake to determine (or have determined on its behalf) what is required with respect to the rebate provisions contained in Section 148(f) of the Code from time to time and will undertake to comply with any requirements that may be applicable to the Bonds. The Issuer will undertake the methodology described in this Article IV of this Tax Certificate and Agreement, except to the extent inconsistent with any requirements of present or future law, regulations or future guidance issued by the United States Department of the Treasury or if the Issuer receives an opinion of Bond Counsel.

Section 4.2 **Rebate Fund.** A special fund designated the *"Rebate Fund"* has been established pursuant to this Tax Certificate and Agreement. The Issuer shall keep the Rebate Fund separate and apart from all other funds and moneys held by it.

Section 4.3 **Recordkeeping.** Detailed records with respect to each and every Nonpurpose Investment attributable to Gross Proceeds (within the meaning of Section 1.148-1(b) of the Treasury Regulations) of the Bonds must be maintained by the Issuer, including (i) purchase date, (ii) purchase price, (iii) any accrued interest paid, (iv) face amount, (v) coupon rate, (vi) periodicity of interest payments, (vii) disposition price, (viii) any accrued interest received, (ix) disposition date, and (x) broker's fees. Such detailed record keeping is required for the calculation of the rebate amount (within the meaning of Section 1.148-3 of the Treasury Regulations) which, in part, will require a determination of the difference between the actual aggregate earnings of all Nonpurpose Investments and the amount of such earnings assuming a rate of return equal to the yield on the Bonds.

Section 4.4 **Rebate Amount Calculation and Payment.**

(a) The Issuer represents, warrants and covenants that it will prepare or cause to be prepared a calculation of the rebate amount with respect to the Bonds consistent with the rules described in this Section 4.4. The Issuer will prepare the calculation of the rebate amount (i) within fifty-five (55) days after the close of the fifth Bond Year and each fifth Bond Year thereafter so long as any 2012 B Bonds remain unpaid, and (ii) within fifty-five (55) days after the first date on which there are no unpaid 2012 B Bonds. Not later than fifty-five (55) days after the end of the fifth Bond Year and each fifth Bond Year thereafter so long as any Series 2010 Bond remains unpaid, and within fifty-five (55) days after the last Series 2010 Bond is paid, the Issuer shall deposit an amount necessary to increase or decrease the sum held in the Rebate Fund to the rebate amount.

(b) For purposes of calculating the rebate amount (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its value at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment on the first

date when there are no unpaid Bonds or when the investment ceases to be a Nonpurpose Investment.

(c) The Issuer shall pay to the United States Department of the Treasury, pursuant to instructions from the Issuer, out of designated funds (i) not later than sixty (60) days after the end of each fifth Bond Year, a payment equal to at least ninety percent (90%) of the rebate amount with respect to the Bonds, calculated as of the end of such fifth Bond Year, and (ii) not later than sixty (60) days after the first date when there are no unpaid Bonds, an amount equal to one hundred percent (100%) of the rebate amount (determined as of the first date when there are no unpaid 2012 B Bonds) plus any actual or imputed earnings on such rebate amount, all as set forth in Sections 1.148-1 through 1.148-11 of the Treasury Regulations and as determined by or on behalf of the Issuer.

(d) Each payment required to be made pursuant hereto and relating to the Bonds shall be filed with the appropriate Internal Revenue Service Center, on or before the date such payment is due and shall be accompanied by Internal Revenue Service Form 8038-T. The Issuer must retain records of the calculations required by this Section 4.4 until six (6) years after the retirement of the last obligation of the Bonds.

Section 4.5 Valuation of Investments.

(a) General Rule. Except as otherwise provided in this Section 4.5, for all purposes of Section 148 of the Code, the value of an investment allocated to the Bonds (including a payment or receipt on the investment) on a date must be determined using one of the following valuation methods:

(i) Outstanding Principal Amount Method. A plain par investment (as defined in Section 1.148-1(b) of the Treasury Regulations) may be valued at its outstanding stated principal amount, plus any accrued unpaid interest on that date.

(ii) Present Value Method. An investment whose yield is fixed and determinable on the issue date (a *"fixed rate investment"*) may be valued at its present value on that date. Present value of an investment is computed under the economic accrual method, using the same compounding interval and financial conventions used to compute the yield on the Bonds (i.e., 360-day year basis with interest compounded semiannually). The present value of an investment on a date is equal to the present value of all unconditionally payable receipts to be received from and payments to be paid for the investment after that date, using the yield on the investment as the discount rate.

(iii) Fair Market Value Method. An investment may be valued at its fair market value on that date. 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. Fair market value generally is determined on the date on which a contract to purchase or sell the nonpurpose investment becomes binding (i.e., the trade date rather than the settlement date). Except as otherwise provided in Subsections 4.5(e), (f) and (g) hereof, an investment that is not of a type traded on an established securities

market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(b) Mandatory Valuation of Certain Investments at Fair Market Value. Except as provided in Subsections 4.5(c) and (d), an investment must be valued at fair market value on the date that it is first allocated to the Bonds or first ceases to be allocated to the Bonds as a consequence of a deemed acquisition or deemed disposition.

(c) Mandatory Valuation of Yield Restricted Investments at Present Value. Any yield restricted investment must be valued at present value.

(d) Transferred Proceeds Allocations, Universal Cap Allocations and Commingled Funds. Notwithstanding Subsection 4.5(b) hereof, an investment need not be valued at fair market value if it is allocated to the Bonds or ceases to be allocated to the Bonds as a result of the transferred proceeds allocation rule under Section 1.148-9(b) of the Treasury Regulations or the universal cap rule under Section 1.148-6(b)(2) of the Treasury Regulations. In addition, investments in a commingled fund (other than a bona fide debt service fund) need not be valued at fair market value unless it is a commingled fund described in Section 1.148-6(e)(5)(iii) of the Treasury Regulations.

(e) Certificates of Deposit. The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal will be treated as its fair market value on the purchase date if:

(i) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States; and

(ii) the yield on the certificate of deposit is not less than the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(f) Guaranteed Investment Contracts. The purchase price of a guaranteed investment contract will be treated as its fair market value on the purchase date if:

(i) the Issuer has made (or had made on its behalf) a bona fide solicitation for a specified guaranteed investment contract and received at least three (3) bona fide bids from providers that have no material financial interest in the Bonds;

(ii) the Issuer purchased (or had purchased on its behalf) 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 contract, if any, offered to other 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 took into account as a significant factor the Issuer's reasonably expected drawdown 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 provider of the guaranteed investment contract certified the administrative costs that it paid (or expects to pay) to third parties in connection with the guaranteed investment contract.

(g) United States Treasury Obligations. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

Section 4.6 Segregation of Proceeds. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the Issuer hereby agrees to establish separate funds, accounts or subaccounts or take other accounting measures in order to account fully for all Gross Proceeds.

Section 4.7 Filing Requirements. The Issuer shall file or cause to be filed such reports or other documents with the Internal Revenue Service as may be required by the Code from time to time (e.g., Form 8038-G and Form 8038-T). The District agrees to monitor compliance with the requirements for maintaining the tax exemption of the interest on the Bonds and monitor the requirements of Section 148 of the Code in accordance with Exhibit B hereto.

ARTICLE V

OTHER MATTERS

Section 5.1 Authority. The undersigned is an authorized representative of the Issuer and is acting for and on behalf of the Issuer in executing this Tax Certificate and Agreement. To the best of the knowledge and belief of the undersigned representative of the Issuer, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

Section 5.2 Amendment and Supplementation.

(a) Notwithstanding any other provision herein, the parties hereby agree to amend, supplement or modify this Tax Certificate and Agreement to the extent necessary to maintain the exclusion of interest on the Bonds from gross income for federal tax purposes as required pursuant to an opinion of Bond Counsel.

(b) Notwithstanding any other provision herein, if the parties request an amendment, supplementation or modification hereto, this Tax Certificate and Agreement shall be so amended, supplemented or modified only if accompanied by an opinion of Bond Counsel.

Section 5.3 **Severability.** If any provision of this Tax Certificate and Agreement (including all accompanying certificates) shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 5.4 **Multiple Counterparts.** This Tax Certificate and Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 5.5 **Survival of Defeasance.** Notwithstanding anything in this Tax Certificate and Agreement or any other provisions of the Resolution to the contrary, the obligation to remit the rebate amount to the United States Department of the Treasury and to comply with all other requirements contained in this Tax Certificate and Agreement shall survive the defeasance or payment in full of the Bonds.

Section 5.6 **Permitted Changes; Opinion of Bond Counsel.** The yield restrictions herein contained or any other restriction or covenant contained herein need not be observed or may be changed if the Issuer receives an opinion of Bond Counsel to the effect that such noncompliance or change will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes.

Section 5.7 **Successors and Assigns**. The terms, provisions, covenants and conditions of this Tax Certificate and Agreement shall bind and inure to the benefit of the respective successors and assigns of the Issuer.

Section 5.8 **Headings.** The headings of this Tax Certificate and Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Tax Certificate and Agreement.

Section 5.9 **No Investment-Type Property and Reasonable Expectations.** No portion of the financed Project is expected to be held principally as a passive vehicle for the production of income. In addition, no proceeds of the 2012 B Bonds (including investment earnings thereon) will be used to make, directly or indirectly, a prepayment for property and services for the principal purpose of receiving an investment return from the time the prepayment is made until the time payment otherwise would be made. The Issuer reasonably expects, for the entire term of the Bonds, (i) that the Bonds will not meet the "private business tests" or the "private loan financing test" (all within the meaning of Section 1.141-1 and 2 of the Regulations) and (ii) that the Bonds will satisfy the ownership test of Section 145(a)(1) of the Code, all as modified or referenced in Section 1.145-2(b) of the Regulations.

Section 5.10 **Future Events.** The Issuer acknowledges that any changes in facts or expectations from those set forth herein may result in different yield restrictions or rebate requirements from those set forth herein and agree that Bond Counsel will be contacted if such changes do occur.

Section 5.11 **Expectations.** The Issuer has reviewed the facts, estimates and circumstances in existence on the date of issuance of the 2012 B Bonds and such facts, estimates and circumstances, together with the expectations of the Issuer as to future events, are set forth in

summary form in this Tax Certificate and Agreement. Such facts and estimates are true and are not incomplete in any material respect. On the basis of the facts and estimates contained herein, the undersigned have adopted the expectations contained herein. On the basis of such facts, estimates, circumstances and expectations, it is not expected that the proceeds from the sale of the 2012 B Bonds or any other moneys or property will be used in a manner that will cause the 2012 B Bonds to be arbitrage bonds within the meaning of Section 148 of the Code and Regulations. The Issuer represents that its expectations are reasonable and there are no other facts, estimates and circumstances known to it that would materially change such expectations. To the extent the Issuer is relying on the representations, expectations and covenants of others, the Issuer believes in good faith that it is reasonable and prudent for the Issuer to do so.

[*Signatures appear on following page(s)*]

DATED as of on the day and year first written above.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Chairman

EXHIBIT A

CERTIFICATE OF UNDERWRITER

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2012 B (Bank Qualified)

UNDERWRITER'S CERTIFICATE

The undersigned Nelson Taul, Managing Director 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 December 13, 2012, 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 inside cover of the Official Statement dated December 13, 2012 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 2012 B Bonds Reserve Account established by the Resolution authorizing issuance of the Bonds is reasonable and necessary because such an amount is required as a condition to marketing the Series 2012 B Bonds at the interest rates and with the maturities established for the Bonds. Such amount was determined to be necessary to reduce the probability of a default on the Bonds due to a temporary decrease in revenues or increase in operating expenses. The amount to be maintained in the Series 2012 B Bonds Reserve Account is less than 10% of the face amount of the Bonds, less than 125% of average annual debt service on the Bonds and less than the maximum annual debt service on the Bonds.

(d) The weighted average maturity of the Bonds is 16.371 years.

(e) The yield on the Bonds is 3.2749390%.

(f) The net interest cost on the Bonds is 3.3179363%.

(g) This certificate may be relied upon by the Issuer with respect to completion of its Tax Certificate and Agreement and IRS Form 8038-G relating to the Bonds, and by Steptoe & Johnson PLLC in rendering their tax opinion with respect to the Bonds.

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Dated this 20th day of December, 2012.

ROSS, SINCLAIRE & ASSOCIATES, LLC

By:_____
Its: Managing Director

EXHIBIT B

TAX COMPLIANCE POLICIES

Purpose

Issuers of tax-exempt bonds must comply with federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The following policies are intended to establish compliance by Berkeley County Public Service District (the *"Issuer"*) with these rules in connection with the issuance of the Issuer's **Berkeley County Public Service District Water Revenue Bonds, Series 2012 B** (Bank Qualified) (the "*Tax-Exempt Bonds*").

Tax Requirements Associated with Sale and Issuance of Bonds

Review and retention of tax documents related to the sale and issuance of Bonds will be supervised by the Treasuer of the Issuer or his/her designee (the "*Oversight Officer*").

- Form 8038-G (tax exempt bonds) will be reviewed and filed not later than the 15th day of the 2nd calendar month following the quarter in which the bonds were issued. Filing of appropriate version or versions of Form 8038-G will be confirmed with bond counsel.

Expenditure of Proceeds for Qualified Costs

Expenditure of bond proceeds will be reviewed by the Oversight Officer.

- Bond proceeds will be disbursed pursuant to an approved form of requisition stating the date, amount and purpose of the disbursement.

- Requisitions must identify the financed property and certify as to the character and average economic life of the bond-financed property.

- Requisitions for costs that were paid prior to the issuance of the bonds are, in general, limited to costs paid subsequent to, or not more than 60 days prior to, the date a "declaration of intent" to reimburse the costs was adopted by the Issuer. If proceeds are used for reimbursement, a copy of the declaration will be obtained and included in the records for the Tax-Exempt Bonds, if not already part of the bond transcript.

- Requisitions will be summarized in a "final allocation" of proceeds to uses not later than 18 months after the in-service date of the financed property (and in any event not later than 5 years and 60 days after the issuance of the Tax-Exempt Bonds).

- Expenditure of proceeds will be monitored against the expectations to spend or commit 5% of net sale proceeds within 6 months, to spend 85% of net sale proceeds within 3 years, and to proceed with due diligence to complete the project and fully spend the net sale proceeds. Expected expenditure schedules, project timelines, and plans and specifications will be maintained to support expectations. Reasons for failure to meet the expected schedule will be documented and retained in the records for the Tax-Exempt Bonds.

- If the 18-month spending exception to rebate applies, expenditure of gross proceeds will be monitored against the following schedule for the arbitrage rebate exception for the issue, if applicable:

  15% within 6 months
  60% within 12 months
  100% within 18 months

- If the 2-year spending exception to rebate applies, expenditure of "available proceeds" will be monitored against the following schedule for the arbitrage rebate exception for construction issues if applicable:

  10% within 6 months
  45% within 12 months
  75% within 18 months
  100% within 24 months

Expenditure of Proceeds

In addition to the general review of expenditures described above, expenditure of proceeds of the Tax-Exempt Bonds will be reviewed by the Oversight Officer.

- Only a small portion (5%) of the proceeds of Tax-Exempt Bonds can be used for operating expenses or other "working capital" costs. Requisitions for costs of the Project will accordingly be monitored to confirm that they are for capital costs of the Project.

- Investment earnings on sale proceeds of the Tax-Exempt Bonds will be tracked and will be requisitioned only for appropriate expenditures.

Use of Bond-Financed Property

Use of bond-financed property when completed and placed in service will be reviewed by the Oversight Officer.

- Average nonexempt use of bond-financed property over the life of the issue cannot exceed 10% of the proceeds.

- Agreements with business users or non-profit organizations for lease or management or services contracts, sponsored research, naming rights or any other potential nonexempt use of bond-financed property will be reviewed prior to execution of any contract to determine if property is bond-financed.

- Agreements with business users or other non-profit organizations for lease or management or services contracts or other private business use involving bond-financed property will be tracked and aggregated with other private business uses for compliance with the 10% limit.

- No item of bond-financed property will be sold or transferred to a nonexempt party without advance arrangement of a "remedial action" under the applicable Income Tax Regulations.

Investments and IRS Filings

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Oversight Officer.

- Guaranteed investment contracts ("*GIC*") will be purchased only using the three-bid "safe harbor" of applicable Income Tax Regulations, in compliance with fee limitations on GIC brokers in the Income Tax Regulations.

- Other investments will be purchased only in market transactions.

- Calculations of rebate liability will be performed annually by outside consultants.

- Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the issuer.

- Identify date for first rebate payment at time of issuance. Enter in records for the issue.

Records

Management and retention of records related to tax-exempt bond issues will be supervised by the Oversight Officer.

- Records will be retained for the life of the bonds plus any refunding bonds plus three years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.

- Retainable records pertaining to the Tax-Exempt Bonds include transcript of documents executed in connection with the issuance of the bonds (including authorizing resolutions, and Form 8038-G) and any amendments, and copies of rebate calculations and records of payments, including Forms 8038-T.

- Retainable records pertaining to expenditures of bond proceeds include requisitions, trustee statements and final allocation of proceeds.

- Retainable records pertaining to use of property include all agreements reviewed for nonexempt use.

- Retainable records pertaining to investments include GIC documents under the Income Tax Regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.

Overall Responsibility

Overall administration and coordination of this policy is the responsibility of the Oversight Officer.

$7,800,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Revenue Bonds, Series 2012 B (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 November 26, 2012, 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. All conditions precedent contained is the Resolution for the issuance of the Bonds have been met, and are entitled to the benefit and security of the Resolution.

7. 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.

WITNESS my signature on this 20th day of December, 2012.

UNITED BANK, INC.

By: _____
Its: Authorized Officer

EXHIBIT A

SERIES 2012 B BOND TERMS

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED)

Maturity Schedule

SERIES 2012 B SERIAL BONDS

Maturity Date	Amount	Interest Rate	Price	Yield	CUSIP No.
12/01/2028	$ 935,000	3.125%	98.452%	3.250%	084246GQ4
12/01/2029	$1,220,000	3.125%	97.741%	3.300%	084246GR2
12/01/2030	$1,260,000	3.125%	96.982%	3.350%	084246GS0
12/01/2031	$1,295,000	3.250%	97.916%	3.400%	084246GT8
12/01/2032	$1,340,000	3.250%	97.131%	3.450%	084246GU5

SERIES 2012 B TERM BONDS

$50,000 1.000% Series 2012 B Term Bond due December 1, 2014 at Price of 100.000%, CUSIP 084246GV3
$50,000 1.350% Series 2012 B Term Bond due December 1, 2016 at Price of 100.000%, CUSIP 084246GW1
$50,000 2.000% Series 2012 B Term Bonds due December 1, 2018 at Price of 101.632%, CUSIP 084246GX9
$315,000 2.000% Series 2012 B Term Bonds due December 1, 2020 at Price of 99.271%, CUSIP 084246GY7
$325,000 2.500% Series 2012 B Term Bonds due December 1, 2022 at Price of 99.301%, CUSIP 084246GZ4
$360,000 3.000% Series 2012 B Term Bonds due December 1, 2024 at Price of 100.513%, CUSIP 084246HA8
$600,000 3.000% Series 2012 B Term Bonds due December 1, 2027 at Price of 98.221%, CUSIP 084246HB6

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2012 B (Bank Qualified)

UNDERWRITER'S CERTIFICATE

The undersigned Nelson Taul, Managing Director 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 December 13, 2012, 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 inside cover of the Official Statement dated December 13, 2012 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 2012 B Bonds Reserve Account established by the Resolution authorizing issuance of the Bonds is reasonable and necessary because such an amount is required as a condition to marketing the Series 2012 B Bonds at the interest rates and with the maturities established for the Bonds. Such amount was determined to be necessary to reduce the probability of a default on the Bonds due to a temporary decrease in revenues or increase in operating expenses. The amount to be maintained in the Series 2012 B Bonds Reserve Account is less than 10% of the face amount of the Bonds, less than 125% of average annual debt service on the Bonds and less than the maximum annual debt service on the Bonds.

(d) The weighted average maturity of the Bonds is 16.371 years.

(e) The yield on the Bonds is 3.2749390%.

(f) The net interest cost on the Bonds is 3.3179363%.

(g) This certificate may be relied upon by the Issuer with respect to completion of its Tax and Non-Arbitrage Agreement and IRS Form 8038-G relating to the Bonds, and by Steptoe & Johnson PLLC in rendering their tax opinion with respect to the Bonds.

[Remainder of Page Intentionally Left Blank]

Dated this 20th day of December, 2012.

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____

Its: Managing Director

201 E. Burke Street
Martinsburg, WV 25401
Phone 304.263.0891
Toll Free 877.242.7278
Fax 304.263.0997

December 20, 2012

Berkeley County Public Service District (West Virginia)
Water Refunding Revenue Bonds, Series 2012 B (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

Ross, Sinclair & Associates, LLC
Cincinnati, Ohio

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 September 25, 2012, which became a Final Order on October 15, 2012 in Case No. 11-1748-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 Refunding Revenue Bonds, Series 2012 B (Bank Qualified) (the "Bonds"), to be issued in the original aggregate principal amount of $7,800,000 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 2006 (Bank-Qualified), dated December 28, 2006, Water Revenue Bonds, Series 2007 (Non-Bank Qualified), dated December 21, 2007, Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008, and Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009, and Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012 (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

NEW ISSUE - FULL BOOK ENTRY **RATING: Moody's "A3"**

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 2012 B 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; however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability, and (iii) under the laws of the State of West Virginia, the Series 2012 B 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 2012 B Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. In addition, the Series 2012 B Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (see "Tax Matters" herein).

$7,800,000*
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED)

Dated: Date of Delivery **Due: As shown on inside front cover**

The Series 2012 B Bonds (the "Series 2012 B 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 2012 B Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2012 B Bonds, payments of the principal of and interest on the Series 2012 B 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 2012 B BONDS – Book-Entry Bonds" herein). The Series 2012 B Bonds are subject to redemption prior to maturity as more fully stated herein.

The Series 2012 B 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 acquisition or construction of additions, betterments and improvements to the existing waterworks of the District (see "THE PROJECT" herein); (ii) to pay capitalized interest; (iii) to fund the Series 2012 B Bonds Reserve Account; and (iv) to pay costs of issuance and related costs.

The Series 2012 B 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 2012 B Bonds Sinking Fund and the Series 2012 B Bonds Reserve Account established therefor. The Series 2012 B 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 2012 B Bonds, or any premium or the interest thereon, except from such net revenues and such funds on deposit for the Series 2012 B 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 2012 B Bonds. The District has no taxing powers.

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 2012 B Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2013. Principal of the Series 2012 B Bonds is payable annually as set forth on the inside cover page.

The Series 2012 B Bonds have been designated as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code.

The Series 2012 B 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 and Steptoe & Johnson PLLC, Charleston West Virginia as disclosure counsel to the District. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia as counsel to the Underwriter.

It is expected that the Series 2012 B Bonds will be available for delivery at DTC, New York, New York, on or about December 20, 2012.

Dated: December __, 2012

*Preliminary, subject to change.

R | S | A

Ross, Sinclaire & Associates, LLC

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION OR AMENDMENT IN A FINAL OFFICIAL STATEMENT. 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 which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

$7,800,000*
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS,
SERIES 2012 B (BANK QUALIFIED)

MATURITY SCHEDULE

SERIES 2012 B BOND TERMS

Maturity Date	Amount*	Interest Rate*	Price*	Yield*	CUSIP No.**
12/01/2013		____%	____%	____%	084246__
12/01/2014	$50,000	____%	____%	____%	084246__
12/01/2015	$50,000	____%	____%	____%	084246__
12/01/2016	$50,000	____%	____%	____%	084246__
12/01/2017	$50,000	____%	____%	____%	084246__
12/01/2018	$50,000	____%	____%	____%	084246__
12/01/2019	$50,000	____%	____%	____%	084246__
12/01/2020	$150,000	____%	____%	____%	084246__
12/01/2021	$155,000	____%	____%	____%	084246__
12/01/2022	$155,000	____%	____%	____%	084246__
12/01/2023	$160,000	____%	____%	____%	084246__
12/01/2024	$165,000	____%	____%	____%	084246__
12/01/2025	$180,000	____%	____%	____%	084246__
12/01/2026	$180,000	____%	____%	____%	084246__
12/01/2027	$190,000	____%	____%	____%	084246__
12/01/2028	$200,000	____%	____%	____%	084246__
12/01/2029	$925,000	____%	____%	____%	084246__
12/01/2030	$1,205,000	____%	____%	____%	084246__
12/01/2031	$1,245,000	____%	____%	____%	084246__
12/01/2032	$1,275,000	____%	____%	____%	084246__
12/01/2033	$1,315,000	____%	____%	____%	084246__

*Preliminary, subject to change.

** 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 Bonds and neither the Underwriter nor the District 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.

THE SERIES 2012 B BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES 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 District, 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 District.

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 2012 B 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 2012 B 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 SECURITIES 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.

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

PUBLIC SERVICE BOARD

Gregory Rhoe, Chairman
Calvin Bruce Dorsey, Vice Chairman
D. Wayne Dunham, Secretary
Ruby Kern, Treasurer
Lynn Leatherman, 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

FINANCIAL ADVISOR

Southwest Securities Inc.
Lexington, Kentucky

UNDERWRITER

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

UNDERWRITER'S COUNSEL

Jackson Kelly PLLC
Charleston, West Virginia

DISCLOSURE COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

OFFICIAL STATEMENT
relating to

$7,800,000*
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS,
SERIES 2012 B (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 (the "System") and the District's Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Series 2012 B Bonds"). The Series 2012 B 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 November 26, 2012 (collectively, the "Resolution").

The Series 2012 B Bonds are being issued to (i) to finance the costs of acquisition or construction of additions, betterments and improvements to the System (the "Project") (see "THE PROJECT" herein); (ii) to pay capitalized interest; (iii) to fund the Series 2012 B Bonds Reserve Account; and (iv) to pay costs of issuance 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 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) 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"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; and (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (collectively, the "Prior Issued Bonds"). In addition to the Prior Issued Bonds, on November 28, 2012, the District sold its $7,425,000 Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds"), to refund, on December 20, 2012, the District's currently outstanding Water Revenue Bonds, Series 2004, and expects to close on the Series 2012 A Bonds on December 19, 2012. The Prior Issued Bonds together with the Series 2012 A Bonds are collectively referred to herein as the "Prior Bonds." The resolutions pursuant to which the Prior Bonds were issued are hereinafter collectively called the "Prior Resolutions."

*Preliminary, subject to change.

The Series 2012 B 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 2012 B Bonds Sinking Fund and the Series 2012 B Bonds Reserve Account.

There are outstanding obligations of the District which are designated and have lien positions with respect to the Capacity Improvement Fees of the District 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 $12,000,000 (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 System, the proceeds of the bonds to be subsequently issued by the District to permanently finance the improvements paid for with the proceeds of the Series 2007 Notes, Surplus Revenues of the System and certain funds and accounts related to the Series 2007 Notes, as set forth in resolution pursuant to which the Series 2007 Notes were issued, and are not payable by the Net Revenues of the System. The Series 2007 Notes do not have a lien on the Net Revenues of the District. **The Capacity Improvement Fees ARE NOT considered a part of the Net Revenues of the System.** The current status of the Capacity Improvement Fees is discussed herein. See "STATUS OF CAPACITY IMPROVEMENT FEES AND IMPACT ON SERIES 2007 NOTES."

The Series 2012 B 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 2012 B Bonds, or any premium (if any), or the interest thereon, except from such Net Revenues and such funds on deposit for the Series 2012 B 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 2012 B Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from Net Revenues on a parity with the Series 2012 B Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2012 B BONDS - Rate Covenant."

The District may issue additional bonds on a parity with the Series 2012 B 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 2012 B Bonds, the Prior Bonds and any such additional parity bonds are sometimes hereinafter referred to as the "Bonds"). See "SECURITY FOR THE SERIES 2012 B BONDS - Additional Parity Bonds."

Brief descriptions of the Series 2012 B Bonds, the Resolution, the Project, 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 2012 B 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 2012 B Bonds	$7,800,000.00*
[Reoffering Premium][Original Issue Discount]	
TOTAL	$
Uses of Funds	
Underwriter's Discount	
Cost of Issuance	
Deposit to Series 2012 B Bonds Reserve Account	
Deposit to Capitalized Interest Fund	
Deposit to Project Fund	
TOTAL	$

THE PROJECT

The Project will consist of the following additions, betterments and improvements: (i) well pumps with electrical/control systems at its Potomac Station Well Field and new twelve-inch and sixteen-inch raw water main from the Potomac Station Well Field to the existing Potomac River Water Treatment Plant, increasing by 2.0 million gallons per day the source water available for treatment and distribution, (ii) an operations center on property owned in Berkeley County, West Virginia, and (iii) sixteen-inch and twenty-four-inch water mains along U.S. Route 11 located in Berkeley County, West Virginia.

THE SERIES 2012 B BONDS

General

Interest on the Series 2012 B Bonds will accrue from the date of delivery and will be payable June 1, 2013 and semi-annually thereafter (each December 1 and June 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 2012 B Bonds will be available to individual purchasers in book-entry form only. Purchasers of the Series 2012 B Bonds will not receive certificates representing their interests in the Series 2012 B Bonds purchased.

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.

*Preliminary, subject to change.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information contained on this Internet site is not incorporated herein by reference.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

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.

Optional Redemption*

The Series 2012 B Bonds maturing on and after December 1, 20__, are subject to redemption prior to maturity, on or after December 1, 20__, at the option of the Issuer, in whole or in part, on any Business Day, in order of maturity selected by the District and by lot within a maturity in multiples of $5,000, from any moneys available for such purpose, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

Unless waived by any holder of the Series 2012 B Bonds to be redeemed, notice of any redemption of Series 2012 B Bonds shall be given by the Registrar, on behalf of the District, to registered owners of the Series 2012 B 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 Series 2012 B Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2012 B 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 Series 2012 B Bonds having been deposited, the Series 2012 B 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.

*Preliminary, subject to change.

Mandatory Sinking Fund Redemption*

The Series 2012 B Bonds maturing on December 1, 20__, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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
20__	$
20__	$
20__ * (Final Maturity)	$

The principal amount of Series 2012 B Bonds maturing December 1, 20__, delivered to or purchased by the Paying Agent shall reduce pro tanto the principal amount of Series 2012 B Bonds to be redeemed on the mandatory redemption date with such maturity next following such delivery or purchase.

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

SECURITY FOR THE SERIES 2012 B BONDS

The Series 2012 B 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 2012 B Bonds except from said sources. The District has no taxing powers.

Sources of Payment

The payment of the debt service on the Series 2012 B 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 2012 B 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 2012 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 B Bonds, including the Prior Bonds.

*Preliminary, subject to change.

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 2012 B Bonds Reserve Account in an amount equal to the Series 2012 B Bonds Reserve Requirement. The "Series 2012 B Bonds Reserve Requirement" is defined under the Resolution as the lesser of (i) 10% of the original stated principal amount of the Series 2012 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2012 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2012 B Bonds. Moneys in the Series 2012 B Bonds Reserve

Account shall be used only to pay principal of and interest on the Series 2012 B Bonds as due, when amounts in the Series 2012 B Bonds Sinking Fund are insufficient therefor; provided, that no payments shall be required to be made into the Series 2012 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 B Bonds Reserve Requirement. The District is required to restore any withdrawals from the Series 2012 B 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 2012 B 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 ½% 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 2012 B Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2012 B Bonds on the next ensuing semiannual interest payment date, and (iii) for monthly deposit in the Series 2012 B 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 2012 B 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 Funds in an amount which shall be reduced by any earnings credited to the Sinking Funds, 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 2012 B 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 2012 B 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 Public Service Commission of West Virginia (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 2012 B 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 (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.

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 District 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 District shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in 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.

THE SYSTEM

History and Development

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 PSC in 2001. The District conducts business under the name "Berkeley County Public Service Water District."

The District currently has a capacity to pump 7,093,346 gallons of water per day. The average daily usage from all sources as of June 30, 2012 is 4,082,086 gallons per day, leaving 2,611,620 gallons of unused capacity. The District uses three water treatment processes: diatomaceous earth filtration (Bunker Hill Plant), up flow clarification with filtration (Hedgesville Plant) and conventional treatment with membrane filtration (Potomac River Plant).

The District's water supply is provided by the Potomac River, LeFever and Ben Speck Springs, Baker Lakes, Springdale, Morning Dove and Glenwood Forest Wells. The Potomac River, pursuant to a permit from the State of Maryland, yields on average 2,368,166 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 3,594,000 gallons, bringing the maximum gallons available daily to 7,594,000 as depicted below.

Water Source	Maximum Gallons Yielded Daily	Percentage
Potomac River	4,000,000	52.68%
LeFever Spring	1,783,000	23.48%
Morning Dove Wells (2)	336,000	4.42%
Glenwood Forest Wells (4)	86,000	1.13%
City of Martinsburg	1,000,000	13.17%
Springdale Farm Well	146,000	1.92%
Ben Speck Spring	200,000	2.63%
Baker Lakes Well	43,000	0.57%
Total Gallons Available:	7,594,000	100.00%

As of June 30, 2012, the District had 20,225 customers, of which 19,079 are residential (94.33%), 920 are commercial (4.55%), 23 are industrial (0.11%), 44 are public authorities (0.22%) and 159 are fire protection customers (0.79%). 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 District's 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 Expires	Occupation
Gregory Rhoe, Chairman	06/30/2013	Corporate Controller
Calvin Bruce Dorsey, Vice Chairman	07/02/2015	Retired
D. Wayne Dunham, Secretary	07/02/2015	Retired
Ruby Kern, Treasurer	06/23/2017	Retired
Lynn Leatherman, Parliamentarian	06/02/2017	Businessman

The Board employs an Executive Director for the System and other personnel and consultants. Paul S. Fisher has served as Executive Director for more than 11 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 50 full-time employees and 2 part-time employees.

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.

Summary of Capital Improvement Plan

The District anticipates the need to perform certain capital improvement and expansion projects, to be completed over the next 3 years, in order to adequately serve the existing customer base as well as have the ability to meet future demands of the System. The plan calls for approximately $9,683,924 in estimated construction costs for various projects over the next 3 years. A more detailed description, which includes the Project, is listed in the table below:

Project Description	Estimated Amount
Fiscal Year Ending June 30, 2013	
Berkeley Station: 1.4 miles of 16", 24" & 30" Water Main	$2,704,000
Administrative Offices/ Maintenance Facility	4,134,000
Potomac Station Raw Water Main & Pumps	1,809,000
Various Upgrades	351,800
Sub-Total:	**$8,998,800**
Fiscal Year Ending June 30, 2014	
Various Upgrades	$350,100
Fiscal Year Ending June 30, 2015	
Various Upgrades	$335,024
Three Year Grand Total:	**$9,683,924**

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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, 2008 Customer Count	June 30, 2008 Change (%)	June 30, 2009 Customer Count	June 30, 2009 Change (%)	June 30, 2010 Customer Count	June 30, 2010 Change (%)	June 30, 2011 Customer Count	June 30, 2011 Change (%)	June 30, 2012 Customer Count	June 30, 2012 Change (%)
Residential	18,018	3.50%	18,278	1.44%	18,822	2.98%	18,822	0.00%	19,079	1.37%
Commercial	904	5.12%	918	1.55%	917	-0.11%	917	0.00%	920	0.33%
Industrial	23	-20.69%	25	8.70%	23	-8.00%	23	0.00%	23	0.00%
Public Authorities	41	-8.89%	42	2.44%	42	0.00%	43	2.38%	44	2.32%
Fire Protection	131	8.26%	140	6.87%	142	1.43%	149	4.93%	159	6.71%
Totals:	19,117	3.54%	19,403	1.50%	19,946	2.80%	19,961	0.08%	20,225	1.32%

** Miscellaneous Uses for water not included (ex: Bulk hauling, fire protection, etc.);*

Source: Berkeley County Public Service District; PSC Report FY 06/30/12

The following table sets forth the ten (10) largest customers of the District and the percentage of total consumption as of June 30, 2012:

Customer Name	Gallons	Percentage
Quad Graphics, Inc	80,411,200	5.90%
Ecolab	33,952,800	2.49%
IRS Facility	29,771,300	2.18%
WV Regional Jail	22,769,000	1.67%
WV Air National Guard	12,276,000	0.90%
Guardian Fiberglass	11,074,000	0.81%
Virginia Honey Company	6,949,200	0.51%
World Color Martinsburg	6,770,000	0.50%
AllMine Paving LLC	6,754,000	0.50%
Shenandoah Village	6,686,500	0.49%
Totals:	217,414,000	15.95%

The table and chart below depicts the amount of gallons sold for the District, for the last 5 fiscal years.

Customer Description	June 30, 2008 Gallons* Sold	June 30, 2008 Change (%)	June 30, 2009 Gallons* Sold	June 30, 2009 Change (%)	June 30, 2010 Gallons* Sold	June 30, 2010 Change (%)	June 30, 2011 Gallons* Sold	June 30, 2011 Change (%)	June 30, 2012 Gallons* Sold	June 30, 2012 Change (%)
Residential	926,022	4.33%	881,187	-4.84%	876,444	-0.54%	906,580	3.44%	888,919	-1.95%
Commercial	312,427	-4.30%	298,086	-4.59%	283,412	-4.92%	286,708	1.16%	291,817	1.78%
Industrial	193,215	8.30%	167,534	-13.29%	138,136	-17.55%	151,093	9.38%	145,703	-3.57%
Public Authorities	25,427	18.48%	21,788	-14.31%	22,119	1.52%	25,651	15.97%	22,818	-11.04%
Totals:	1,457,091	3.06%	1,368,595	-6.07%	1,320,111	-3.54%	1,370,032	3.78%	1,349,257	-1.12%

** Gallons are in thousands per year.*

Source: Berkeley County Public Service District; PSC 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	2,000 Gallons Used per Month	$8.95 per 1,000 Gallons
Next	88,000 Gallons Used per	$5.80 per 1,000 Gallons
Over	90,000 Gallons Used per	$4.10 Per 1,000 Gallons

Minimum Charge

5/8 Inch Meter	$17.90	Per Month
1 Inch Meter	$44.75	Per Month
1 ½ 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

The table below lists the water rates for General Domestic, Commercial and Industrial Customers, which will go into effect upon substantial completion of the Project, anticipated to occur in the spring of 2013:

First	2,000 Gallons Used per Month	$9.07 per 1,000 Gallons
Next	88,000 Gallons Used per	$5.88 per 1,000 Gallons
Over	90,000 Gallons Used per	$4.16 Per 1,000 Gallons

Minimum Charge

5/8 Inch Meter	$18.14	Per Month
1 Inch Meter	$45.35	Per Month
1 ½ Inch Meter	$90.70	Per Month
2 Inch Meter	$145.12	Per Month
3 Inch Meter	$290.24	Per Month
4 Inch Meter	$453.50	Per Month
6 Inch Meter	$907.00	Per Month
8 Inch Meter	$1,451.20	Per Month

Fire Hydrants; Private Fire Private Protection; Hose Fire Hydrants, each $128.62 per hydrant per year, payable annually. Private Fire Protection Sprinkler systems shall pay $128.62 per year, plus $0.43 per sprinkler head, payable annually.

Hose Connections for fire use only $74.38 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: $0.68 per 1,000 gallons

Returned Check Charge: $25.00

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.

This table and chart depict the operating revenues of the District for the last 5 fiscal years.

Customer Description	June 30, 2008 Operating Revenues	June 30, 2008 Change (%)	June 30, 2009 Operating Revenues	June 30, 2009 Change (%)	June 30, 2010 Operating Revenues	June 30, 2010 Change (%)	June 30, 2011 Operating Revenues	June 30, 2011 Change (%)	June 30, 2012 Operating Revenues	June 30, 2012 Change (%)
Residential	6,511,145	2.22%	6,464,646	-0.71%	6,721,688	3.98%	6,989,577	3.99%	6,753,061	-3.38%
Commercial	1,653,920	-3.21%	1,651,274	-0.16%	1,606,149	-2.73%	1,639,866	2.10%	1,632,728	-0.43%
Industrial	704,188	11.70%	632,563	-10.17%	601,365	-4.93%	659,048	9.59%	622,693	-5.59%
Public Authorities	137,176	18.21%	127,517	-7.04%	134,159	5.21%	147,968	10.29%	131,278	-11.28%
Fire Protection	126,879	7.28%	129,747	2.26%	135,176	4.18%	137,387	1.64%	143,381	4.36%
Totals:	9,133,308	2.13%	9,005,747	-1.40%	9,198,537	2.14%	9,573,846	4.08%	9,283,141	-3.07%

Source: Berkeley County Public Service District; PSC Report FY 06/30/12

The District has covenanted to diligently enforce and collect all fees and charges as described in "SECURITY FOR THE SERIES 2012 B 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, 2012 (See "APPENDIX B - Audited Financial Statement for Fiscal Year Ended June 30, 2012.")

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 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 in the past 10 years times the number of years for which they were employed as a participant in the 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 $2,088,564 for the year ended June 30, 2012.

Employees of the District are required to pay 4.5% of their gross earnings to the pension plan. In year ended June 30, 2012, the District made an annual contribution to the plan equal to 14.5% of its covered payroll. Total contributions made during the fiscal year ended June 30, 2012 amounted to $302,719, of which $87,887 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 PSC.

Description	Audited Financials 6/30/2010	Audited Financials 6/30/2011	Audited Financials 6/30/2012
Operating Revenues	$9,723,924	$10,100,940	$9,790,750
Operating Expenses: Operation and Maintenance Expenses	5,021,872	5,272,926	5,340,489
Depreciation Expenses	3,060,269	3,608,074	3,663,101
Total Operating Expenses	8,082,141	8,881,000	9,003,590
Operating Income	1,641,783	1,219,940	787,160
Non-Operating Income: Interest and Dividend Income	84,638	75,695	39,369
Non-Operating Expenses: Interest on Long Term Debt	2,319,191	2,954,156	2,874,989
Amortization of Debt Discount and Expense	170,539	134,257	134,257
(Gains) Losses from Disposition of Property	(10,067)	(13,760)	(5,877)
Total Non-Operating Expenses	2,479,663	3,074,653	3,003,369
Income (loss) before capital contributions	(753,242)	(1,779,018)	(2,176,840)
Capital Contributions	2,085,833	1,365,511	1,668,297
NET INCOME (LOSS)	$1,332,591	($413,507)	($508,543)

Source: Berkeley County Public Service District Audited Financial Statements and PSC reports.

Annual Debt Service Requirements

The following tables sets forth for each fiscal year during which the Series 2012 B Bonds will be outstanding and the estimated amounts payable from Net Revenues as principal of and interest on the Series 2012 B Bonds and the Prior Bonds.

Debt Service for Series 2012 B Bonds*

FY Ending June 30	Principal Portion	Interest Portion	LESS: Reserve Account	Cap. Interest	Total Payments
2013		$97,761		($97,761)	$0
2014	$50,000	$218,345			$268,345
2015	$50,000	$217,845			$267,845
2016	$50,000	$217,220			$267,220
2017	$50,000	$216,470			$266,470
2018	$50,000	$215,595			$265,595
2019	$50,000	$214,595			$264,595
2020	$150,000	$212,595			$362,595
2021	$155,000	$209,545			$364,545
2022	$155,000	$206,445			$361,445
2023	$160,000	$203,295			$363,295
2024	$165,000	$199,880			$364,880
2025	$180,000	$195,928			$375,928
2026	$180,000	$191,540			$371,540
2027	$190,000	$186,820			$376,820
2028	$200,000	$181,650			$381,650
2029	$925,000	$165,075			$1,090,075
2030	$1,205,000	$133,125			$1,338,125
2031	$1,245,000	$96,375			$1,341,375
2032	$1,275,000	$58,575			$1,333,575
2033	$1,315,000	$19,725	($718,045)		$616,680
Totals	**$7,800,000**	**$3,658,404**	($718,045)	($97,761)	**$10,642,597**

*Preliminary, subject to change.

Total Cumulative Debt Service*

FY Ending June 30	Series 2012 B Payments	Principal Portion	Interest Portion	LESS: Reserve Account	Total Payments
2012		$1,261,136	$2,373,802	$0	$3,634,938
2013	$0	$1,305,430	$2,238,839	$0	$3,544,269
2014	$268,345	$1,460,925	$2,119,028	$0	$3,848,298
2015	$267,845	$1,507,697	$2,073,585	$0	$3,849,127
2016	$267,220	$1,555,829	$2,024,027	$0	$3,847,076
2017	$266,470	$1,610,405	$1,969,886	$0	$3,846,760
2018	$265,595	$1,671,518	$1,910,156	$0	$3,847,269
2019	$264,595	$1,739,262	$1,844,436	$0	$3,848,293
2020	$362,595	$1,818,748	$1,775,438	($173,666)	$3,783,114
2021	$364,545	$1,725,081	$1,707,221	$0	$3,796,847
2022	$361,445	$1,793,380	$1,639,198	$0	$3,794,023
2023	$363,295	$1,863,771	$1,567,077	$0	$3,794,144
2024	$364,880	$2,136,389	$1,485,924	($194,990)	$3,792,203
2025	$375,928	$2,771,385	$1,384,698	($742,500)	$3,789,511
2026	$371,540	$2,149,140	$1,276,272	$0	$3,796,952
2027	$376,820	$2,249,087	$1,170,942	$0	$3,796,849
2028	$381,650	$2,356,375	$1,059,476	$0	$3,797,501
2029	$1,090,075	$2,476,159	$941,878	($712,081)	$3,796,031
2030	$1,338,125	$1,618,610	$839,234	$0	$3,795,969
2031	$1,341,375	$1,703,904	$752,333	$0	$3,797,612
2032	$1,333,575	$1,842,234	$659,362	($43,799)	$3,791,372
2033	$616,680	$2,648,723	$560,579	($751,218)	$3,074,764
2034		$2,037,957	$418,301	$0	$2,456,258
2035		$2,130,554	$327,751	$0	$2,458,305
2036		$2,268,602	$231,841	($46,714)	$2,453,729
2037		$2,325,415	$131,773	$0	$2,457,188
2038		$1,541,529	$47,706	$0	$1,589,235
2039		$117,997	$10,663	$0	$128,660
2040		$124,841	$3,620	($132,083)	($3,622)
Totals	$10,642,597	$51,812,084	$34,545,046	($2,797,051)	$94,202,676

Preliminary, subject to change.

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 2012 B Bonds and all other obligations secured by a lien or payable from such revenues prior to or on a parity with the Series 2012 B Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2012 B BONDS -- Rate Covenant" herein.

Upon reviewing the District's financial statements for the fiscal year ending June 30, 2012, an independent certified public accountant found that the District Did Not meet the rate coverage requirements of the Prior Bonds which contain a 120% coverage requirement. Certain of the Prior Bonds contain a 115% coverage requirement which was met.

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 2012 B Bonds and the Prior Bonds.

The table below lists the coverage amounts for fiscal year ending June 30, 2010-2012 and projected 2013.

Description	Audited Financials 6/30/2010	Audited Financials 6/30/2011	Audited Financials 6/30/2012	Projected Financials
Net Available for Debt Service	$4,796,757	$4,955,118	$4,489,630	$4,489,630
Maximum Annual Debt Service Requirements (All Bonds)	$3,913,205	$3,913,205	$3,913,205	$3,587,354
Coverage Ratio	123%	125%	115%	125%

Source: Berkeley County Public Service District Audited Financial Statements; CoxHollidaPrice LLP Certified Public Accountants.

INVESTMENT CONSIDERATIONS

The Public Service Commission of West Virginia

In West Virginia, public service districts are subject to regulatory oversight by the Public Service Commission of West Virginia (the "Commission"). Pursuant to Chapter 16, Article 13A of the West Virginia Code, public service districts must seek Commission approval for most actions. Moreover, pursuant to West Virginia Code Section 24-2-11, for projects that are outside of "the usual course of business," all utilities, including public service districts, must obtain a certificate of public convenience and necessity prior to proceeding to construction. As well, public service districts need Commission approval to increase rates. Accordingly, public service districts in West Virginia do not have the ability to adjust rates without Commission approval. Such regulatory approval process may delay the implementation of rate increases, which could cause the District to fail to meet rate covenants.

The Commission has two levels of review. Most cases are initially assigned to an administrative law judge ("ALJ") for decision. The Commission employs a "staff" comprised of engineers, lawyers, and financial analysts (the "Staff") to review cases and make recommendations. The District is also permitted to make recommendations, as are other parties who are granted "intervenor" status. The ALJ may conduct an evidentiary hearing, at which evidence is presented and witnesses for all parties may be cross-examined, after which a recommended decision is issued. Any party to the underlying proceeding, including a party granted intervenor status, may take exception to the recommended decision of the ALJ, in which case the matter is referred to the full Commission for decision.

The Commission is comprised of three individuals appointed by the Governor, and confirmed by the State Senate, for staggered six-year terms. West Virginia Code Section 24-1-3 provides that one of the Commissioners must be a lawyer licensed in West Virginia. The current composition of the Commission may be found at http://www.psc.state.wv.us/Bios/default.htm. The Commission also employs lawyers and financial analysts who work specifically for the Commission, and are distinctly separate from the Staff.

Commission Regulatory Oversight of Rate Increases

Pursuant to West Virginia Code Sections 24-2-1, 24-2-2, 24-2-3, 24-2-4a the District can file with the Commission a proposed tariff that includes increased rates. Prior to filing a tariff with increased rates, West Virginia Code Section 24-2-3a requires the District to provide the Commission with 30 days notice of its intent to file the same. After expiration of the 30-day notice of intent period, the District may file a proposed tariff with the Commission that includes increased rates. Pursuant to West Virginia Code Section 24-2-4a, the District's proposed tariff can take effect no sooner than 30 days after the proposed tariff is filed. However, West Virginia Code Section 24-2-4a also provides that the Commission may suspend the proposed tariff prior to its effective date. In most instances, the Commission will not allow the proposed tariff to take effect and it will enter an order suspending the tariff. Depending on the size of the utility, the suspension period can range from a minimum of 120 days to a maximum of 270 days. Because the District serves more than 20,000 customers, the suspension period applicable to it is 270 days from the effective date of the proposed tariff.

Once a proposed tariff has been suspended, the Commission or the presiding ALJ will establish a procedural schedule. This schedule will include a due date for Staff to file its financial analysis and recommended rates. The schedule may also include a due date for written testimony (direct and rebuttal) to be filed by the District, Staff, and any intervenors. If there is a disagreement among the parties regarding any issue in the case, the Commission or the presiding ALJ will usually set the matter for hearing. After the hearing, the parties may submit briefs in support of their position(s). Ultimately, the Commission or presiding ALJ will issue a decision prior to the end of the applicable suspension period that establishes the District's new rates.

Potential Delays in Effective Date of Rates

As explained above, at a minimum, the amount of time required to obtain Commission approval of increased rates is 330 days. In reality, however, the District is not likely to realize increased revenues for at least 13 months after filing for a rate increase. This is because it takes at least 60 days for the District's books to be closed and for a financial exhibit to be prepared to support the proposed increased rates. Moreover, from the date the new rates begin to be charged, the District will not begin collecting increased revenues for approximately 45 to 60 days. The foregoing creates a situation whereby the increased rates for the District are not timely and are inadequate on the date they go into effect.

A final decision of the Commission may be appealed to the Supreme Court of Appeals of West Virginia, which court has no statutory time frame within which to render a decision. While a party does have the right to appeal a Commission decision, the Supreme Court of Appeals of West Virginia has "'previously held, in deference to the Commission's expertise, that the Court will not substitute [its] judgment for that of the Commission on controverted evidence. However, findings of fact made by the Commission will be overturned as clearly wrong when there is no substantial evidence to support them.'" *Jefferson Utils., Inc. v.*

Pub. Serv. Comm'n of W. Va., 227 W. Va. 589, 595, 712 S.E.2d 498, 504 (2011) (quoting *Chesapeake and Potomac Tel. Co. of W. Va. v. Pub. Serv. Comm'n of W. Va.*, 171 W. Va. 494, 498, 300 S.E.2d 607, 611 (1982)). In other words, the court gives extreme deference to decisions of the Commission. Commission-approved rates may be charged (provided that the applicable suspension period has ended) during an appeal to the Supreme Court of Appeals of West Virginia. If the appealing party prevails and new rates are established by the court, the new rates apply prospectively.

Resale customers are required to obtain authorization from the Commission for any necessary increase in resale rates. Traditionally, such increases are sought by resale customers after the rates for the selling utility go into effect, which means no assurance exists that resale customers will have sufficient rates to begin paying the increased resale rates as of the effective date. As a result, resale customers may not be in a position to begin charging the new resale rates as soon as the rates go into effect, which ultimately affects the ability of resale customers to remain current with the selling utility.

Test Year

To support proposed increased rates, the regulations of the Commission require the District to file "financial justification" for the proposed increased rates. This financial justification must be based on financial data from the most recent actual audited or finally closed 12-month period, also known as a "test year." Events that occur outside the test year are not generally permitted in the rate adjustment. Thus, a determination at the end of any 12-month period that a rate increase is necessary may not result in increased rates and collections for eight months or more from the end of that period.

Reliance on "Known and Measurable" Adjustments

When considering adjustments to the rates of a utility for costs occurring during the test year, the Commission's regulations require that the need for, and amount of, such adjustments be based on information that is "known and measurable." As a result, a change in revenues or expenses must, in most cases, have occurred in the test year being analyzed. If an increase in a cost, or a decline in revenue, is anticipated for the coming year, the Commission generally will not take such change into account for ratemaking purposes. By way of example, even if a utility can demonstrate a consistent year-over-year drop in customers, the Commission generally will not allow rates to include consideration of continuing declines in revenue because the anticipated decline is not known and measurable.

As a result of the requirement that the support for adjustments be "known and measurable," the Commission will generally not allow multi-year rate increases to address anticipated inflation or drops in customer usage. As a result, the District must file a tariff with proposed increased rates whenever increased costs or decreased revenues necessitate a rate increase.

Emergency Rate Increase

West Virginia Code Section 24-2-4a permits the District to request "emergency rates" if it is in "financial distress." Financial distress has been defined by the Commission to mean the utility is unable to pay operation and maintenance expenses and the principal and interest on the utility's debt obligations. Such rates, however, are subject to refund, in the event the Commission determines that the emergency rates, or any portion thereof, are not warranted. Generally, emergency rates CANNOT be obtained to meet coverage requirements in bond documents.

Treatment of Renewal and Replacement Funds

Funding agencies in West Virginia require public service districts, pursuant to the terms of their outstanding bonds, to deposit 2.5% of gross revenues in a "Renewal and Replacement Fund" or "Depreciation Account" each month. The purpose of this account is to provide monies for capital repairs and improvements, to construct extensions, and to make up the difference in the reserve funds. In recent years, the Commission has taken the position that while the deposits should be made into the account each month,

such deposits are to be included in the calculation of the District's funds available for capital additions for the year. The Commission generally calculates funds available for capital additions by averaging capital additions for the last five years; provided, however, the Commission will consider a different calculation if the utility can demonstrate the need for a higher capital requirement. As a result, the District is not permitted to accumulate funds to be used for unforeseen capital repairs and replacements, for needed extensions, or to replenish draws from the reserve funds as the account is to be utilized each year as part of the ongoing capital expenditures for the system. The District's inability to maintain funds for emergencies increases the likelihood of the District utilizing current revenues to pay for emergency repairs leaving insufficient funds to pay debt service on the Bonds.

STATUS OF CAPACITY IMPROVEMENT FEES AND IMPACT ON SERIES 2007 NOTES

On August 12, 2005, the Commission, in Case Number 04-1767-PWD-T, approved the request of the District for a graduated Capacity Improvement Fee to be included in the District's Tariff. The Commission previously approved such Capacity Improvement Fees for two other utilities, Berkeley County Public Service Sewer District and Jefferson County Public Service District, in Case Numbers 03-1490-PSD-T-PC and 04-0153-PSD-T, respectively.

On February 8, 2007, the District issued its Bond Anticipation Notes, Series 2007, in the original aggregate principal amount of $20,000,000 (the "Series 2007 Notes"). The Series 2007 Notes are secured by a pledge of the Capacity Improvement Fees, Surplus Revenues of the System, proceeds of bonds to be subsequently issued by the District to refinance the Series 2007 Notes and monies on deposit in the Construction Fund for the Series 2007 Notes, the Series 2007 Notes Sinking Fund and the Series 2007 Notes Reserve Account. The issuance of the Series 2007 Notes was approved by order of the Commission in Case Number 06-0375-PWD-CN dated November 20, 2006.

The Series 2007 Notes were placed with a financial institution for investment in its own account. The Series 2007 Notes mature on February 1, 2014 and bear interest at 4.25%. Semi-annual payments of interest are required on February 1 and August 1 of each year. The Series 2007 Notes can be redeemed in whole at any time, or in part on any interest payment date, on and after February 1, 2009 without penalty, if any partial redemption must be made in amounts not less than $50,000.

The Series 2007 Notes are currently outstanding in the total aggregate principal amount of $12,000,000. The Capacity Improvement Fee Fund currently has approximately $417,598 on deposit. The District is required to obtain the prior consent of the Commission to use monies in the Capacity Improvement Fee Fund. The District plans to file a request with the Commission for approval to use monies in the Capacity Improvement Fee Fund to pay interest on the Series 2007 Notes.

On May 9, 2012, the Commission entered an order in Case No. 09-0961-PSWD-GI (the "Order") discontinuing the District's Capacity Improvement Fee. The Commission determined that the District did not demonstrate that the District's capacity will be depleted within seven years or less. The Order specifically rejected any "refund" of the Capacity Improvement Fees collected prior to the date of entry of the Order. In the Order, the Commission specifically recognized that the discontinuance of the Capacity Improvement Fees "may necessitate the filing of rate proceeding(s) by the District." The District is planning to file a request for a rate increase sufficient to make the remaining payments on the Series 2007 Notes, and to issue long-term debt obligations to pay the Series 2007 Notes in full prior to the maturity thereof.

On September 5, 2012, Larry V. Faircloth Realty, Inc. ("Faircloth"), a party to Case No. 09-0961-PSWD-GI, appealed the Order to the Supreme Court of Appeals of West Virginia. Faircloth primarily argues that the Commission erred by (i) concluding that the Commission has jurisdiction to establish a Capacity Improvement Fee, and (ii) establishing May 9, 2012 as the date the District was unable to meet the Commission's test for the establishment of a Capacity Improvement Fee. In relief, Faircloth requests, among other things, that the court (i) find that the Commission has no authority to authorize the collection of a Capacity Improvement Fee, (ii) order the District to refund the Capacity Improvement Fees Faircloth has

paid since 2004, or, in the alternative, since February 27, 2009, and (iii) award it reasonable attorney fees and costs associated with the underlying Commission matter.

On October 30, 2012, the District responded to Faircloth's petition for appeal. In response, the District argues that various statutory provisions authorize the Commission to establish a Capacity Improvement Fee. More specifically, the District argues that numerous provisions of Chapter 24, Article 2 of the West Virginia Code and West Virginia Code Section 16-13-9 authorize the Commission to establish and approve a Capacity Improvement Fee. The District also points out that the Commission routinely authorizes of a fee (*e.g.*, late payment fee, tap fee, bad check fee, disconnect fee, reconnect fee), and that a Capacity Improvement Fee does not meet West Virginia's definition of a tax. In response to Faircloth's request for a refund of Capacity Improvement Fees, the District asserts that the discontinuance of the Capacity Improvement Fee is prospective only. In support, the District argues that West Virginia Code Section 24-2-3 does not allow for retroactive changes to utility rates, and that West Virginia case law confirms this. Finally, the District asserts that Faircloth's appeal is not timely; therefore, the court should reject the appeal. The District argues that Faircloth should have filed its appeal of the Order no later than June 8, 2012.

Faircloth's reply brief was due November 14, 2012, and the matter is set for oral argument before the West Virginia Supreme Court of Appeals on January 16, 2013.

LITIGATION

Except as discussed with respect to the Capacity Improvement Fees herein, 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 2012 B Bonds, the Resolution, or any agreement to which the District is a party and which is a part of the issuance of the Series 2012 B Bonds.

LEGAL MATTERS

The authorization and issuance of the Series 2012 B 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 C to this Official Statement. Certain legal matters will be passed upon for the District by its counsel, Hoy Shingleton, Martinsburg, West Virginia, and by Steptoe & Johnson PLLC, Charleston, West Virginia, as disclosure counsel to the District. Certain legal matters will be passed upon for the Underwriter by its counsel, Jackson Kelly PLLC, Charleston, West Virginia.

TAX MATTERS

General

In the opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, based on existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the District with certain covenants in the Resolution and other documents pertaining to the Series 2012 B Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the use, expenditure and investment of proceeds of the Series 2012 B Bonds and the timely payment of certain investment earnings to the United States, interest on the Series 2012 B Bonds is not includable in the gross income of the owners of the Series 2012 B Bonds for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the Series 2012 B Bonds to be included in gross income retroactively to the date of issuance of the Series 2012 B Bonds.

In the further opinion of Bond Counsel, interest on the Series 2012 B Bonds is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Interest on the Series 2012 B Bonds, however, is included as an adjustment in the calculation

of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel express no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Series 2012 B Bonds should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Resolution or in other documents pertaining to the Series 2012 B Bonds may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel express no opinion as to the effect of any change to any document pertaining to the Series 2012 B Bonds or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Steptoe & Johnson PLLC, or in reliance upon the advice of counsel other than Steptoe & Johnson PLLC, with respect to the exclusion from gross income of the interest on the Series 2012 B Bonds for federal income tax purposes.

Bank Qualification

The Series 2012 B Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

[Original Issue Discount

The initial public offering price of certain of the Series 2012 B Bonds (the "Discount Series 2012 B Bonds") is less than the principal amount of the Discount Series 2012 B Bonds. The difference between the principal amount of a Discount Series 2012 B Bond and its initial public offering price is original issue discount. Original issue discount on a Discount Series 2012 B Bond accrues over the term of such Discount Series 2012 B Bond at a constant interest rate. To the extent it has accrued, original issue discount on a Discount Series 2012 B Bond is treated as interest excludable from gross income for federal income tax purposes under the conditions and limitations described above. The amount of original issue discount that accrues on a Discount Series 2012 B Bond in each year is not an item of tax preference for purposes of calculating federal alternative minimum taxable income, but is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability. Additionally, such accrued original issue discount is taken into account in determining the distribution requirements of certain regulated investment companies. Consequently, owners of Discount Series 2012 B Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner may not have received cash in such year.

The accrual of original issue discount on a Discount Series 2012 B Bond will increase the owner's adjusted basis in such Discount Series 2012 B Bond. This will affect the amount of taxable gain or loss realized by the owner of the Discount Series 2012 B Bond upon the redemption, prepayment, sale or other disposition of such Discount Series 2012 B Bond. The effect of the accrual of original issue discount on the federal income tax consequences of a redemption, prepayment, sale or other disposition of a Discount Series 2012 B Bond that is not purchased at the initial public offering price may be determined according to rules that differ from those described above. Owners of Discount Series 2012 B Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of original issue discount that properly accrues with respect to the Discount Series 2012 B Bonds, other federal income

tax consequences of owning and disposing of the Discount Series 2012 B Bonds and any state and local tax consequences of owning and disposing of the Discount Series 2012 B Bonds.

Original Issue Premium

The excess, if any, of the tax adjusted basis of Series 2012 B Bonds purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such Tax-Exempt Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is "bond premium." Bond premium is amortized over the term of such Series 2012 B Bonds for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). Owners of Series 2012 B Bonds with bond premium are required to decrease their adjusted basis in such Series 2012 B Bonds by the amount of amortizable bond premium attributable to each taxable year such Series 2012 B Bonds are held. The amortizable bond premium on such Series 2012 B Bonds attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium is treated as an offset to the interest received on such Series 2012 B Bonds. Owners of such Series 2012 B Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the treatment of bond premium upon sale or other disposition of such Series 2012 B Bonds and with respect to the state and local tax consequences of owning and disposing of such Series 2012 B Bonds.]

Information Reporting and Backup Withholding

Interest paid on the Series 2012 B Bonds will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Series 2012 B Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Internal Revenue Service (the "IRS") as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner's federal income tax liability so long as the required information is furnished to the IRS.

State Tax Exemption

In the further opinion of Bond Counsel, under the laws of the State of West Virginia, the Series 2012 B 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 2012 B Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

Future Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Series 2012 B Bonds to be subject, directly or indirectly, to federal income taxation or to State or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or State tax exemption or the market value of the Series 2012 B Bonds. Prospective purchasers of the Series 2012 B Bonds should consult their tax advisors regarding any future, pending or proposed federal or State tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion.

UNDERWRITING

The Underwriter, has agreed, subject to certain conditions, to purchase the Series 2012 B Bonds from the District at a price of $_____ which reflects an Underwriter's discount of $_____ and a net [reoffering premium/original issue discount] of $_____. The Underwriter will be obligated to purchase all of the Series 2012 B Bonds if any are purchased. The Series 2012 B 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, will certify 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, 2012, 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, 2012 in this offering document.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the owners and beneficial owners of the Series 2012 B Bonds, under a Continuing Disclosure Certificate dated as of the Closing Date, to provide certain financial information and operating data (an "Annual Report") not later than nine months following the end of its Fiscal Year (presently June 30), beginning on March 31, 2013, with the report for Fiscal Year 2011-12, and to promptly provide notices of the occurrence of certain enumerated events set forth in the Continuing Disclosure Certificate ("Listed Events").

The District will file the Annual Report and any notice of Listed Events as described in the Continuing Disclosure Certificate. The specific nature of the information to be contained in the Annual Report or the notices of Listed Events is set forth in the Continuing Disclosure Certificate. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). The form of the Continuing Disclosure Certificate is attached to this Official Statement as APPENDIX E.

While the District entered into various undertakings with respect to all publicly issued Prior Bonds, it did not employ a dissemination agent. Although the District provided annual financial information to national repositories for all public issued Prior Bonds, such filings were not always timely. The District failed to send the audited financial statements to EMMA commencing July 1, 2009. Audits for the fiscal years ending June 30, 2003, June 30, 2004, June 30, 2005, June 30, 2006, June 30, 2007, June 30, 2008, June 30, 2009, June 30, 2010, June 30, 2011 and June 30, 2012 were recently filed with EMMA. The District has implemented a new internal policy to ensure the timely filing of audited financial statements with EMMA.

RATING

Moody's Investors Services ("Moody's") has assigned a rating of "A3" with respect to the Series 2012 B 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 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 2012 B Bonds any proposed revision or withdrawal of the rating of the Series 2012 B 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 2012 B Bonds to which such change or withdrawal relates.

MISCELLANEOUS

References made in this Official Statement to certain documents and reports are brief summaries thereof that do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

The appendices to this Official Statement are integral parts of this Official Statement. Investors must read the entire Official Statement, including the appendices, to obtain information essential to making an informed investment decision. The execution and distribution of this Official Statement has been duly authorized by the District.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Chairman

APPENDIX A

BERKELEY COUNTY, WEST VIRGINIA
DEMOGRAPHIC INFORMATION

APPENDIX A
BERKELEY COUNTY, WEST VIRGINIA

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 Easter 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, Quad Baker Road, Plygem, Ecolab and Essroc.

The 2011 estimated population of Berkeley County is approximately 105,750 people. Berkeley County experienced a 27.1% population growth between 2000 and 2010. Below is a table representing Berkeley County's population and percentage of change from 1993 through July 1, 2010.

Population Year	Population Amount	Percentage Change
2011	105,750	1.52%
2010	104,169	.30%
2009	103,854	2.14%
2008	101,629	1.86%
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%

Source: U.S. Census Bureau

Major communities within reasonable traveling distance of Berkeley County include:

Community Name	Approximate Distance (miles)
Washington, D.C.	80
Baltimore, MD	90
Hagerstown, MD	18
New York, NY	264
Philadelphia, PA	180
Harrisburg, PA	93
Richmond, VA	180
Winchester, 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
2011	Berkeley County	45,410	41,810	3,600	7.9%
	West Virginia	799,900	736,100	63,800	8.0%
2010	Berkeley County	44,740	40,500	4,240	9.5%
	West Virginia	782,300	711,100	71,300	9.1%
2009	Berkeley County	45,570	41,700	3,870	8.5%
	West Virginia	797,900	734,600	63,400	7.9%
2008	Berkeley County	46,000	43,880	2,130	4.6%
	West Virginia	808,500	774,100	34,400	4.3%
2007	Berkeley County	46,410	44,670	1,740	3.7%
	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	1,800	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%

Source: West Virginia Bureau of Employment Programs

The table below lists the largest employers of Berkeley County, West Virginia:

Employer	Number of Employees
Berkeley County Schools	2,300
Veterans Administration Center	1,569
West Virginia Air National Guard	1,230
Enterprise Computing Center	900
WVU Hospital East	900
Quad/Graphics, Inc.	850
Bureau of Alcohol, Tobacco & Firearms	614
U.S. Coast Guard Operations System Center	535
Regional Education Service Agency VIII	450
U.S. Coast Guard National Maritime Center	378

Source: Berkeley County Development Authority, January 2012

APPENDIX B

[Audited Financial Statement for Fiscal Year Ended June 30, 2012]

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

WATER

SERVICE - DEDICATION - PRIDE

SINCE 1954

FINANCIAL STATEMENTS

For the years ended June 30, 2012 and 2011

CoxHollidaPrice LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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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, 2012 and 2011 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, 2012 and 2011, 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 4, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, OPEB, and budgetary comparison information on pages 5 through 10 and 35 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial statements as a whole. The supplemental schedules of operating expenses on page 39 is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CoxHollidaPrice LLP
Martinsburg, WV

October 4, 2012

BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012. 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 decreased by $.51 million, or .86% as a result of this year's operations.
- Total operating revenues decreased to $9.79 million or 3.1% in FY2012 and operating expenses increased 1.3%.
- The District's capital contributions increased by $302,786 to $1.67 million, a 22.2% increase from last year.

District highlights

- The following projects remain as work-in-progress.

  - *Large Diameter Water Mains*
  - *Architectural Design of an Operations Center*
  - *Potomac Station Well Pumps & Raw Water Main*

- The District completed $2.08 million of water capital improvement projects including Water Well Exploration and Reimbursement to Upsize Water Mains.
- There were 1.19 miles of water mains added to the water distribution system of the District during the year. 0.77 miles were installed by developers (estimated cost $0.35 million) who subsequently transferred ownership to the District.
- The number of metered customers served by the District increased from 19,961 to 20,053 or an increase of .5%. Although at a slower pace than in the recent past, 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 decreased by $.51 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

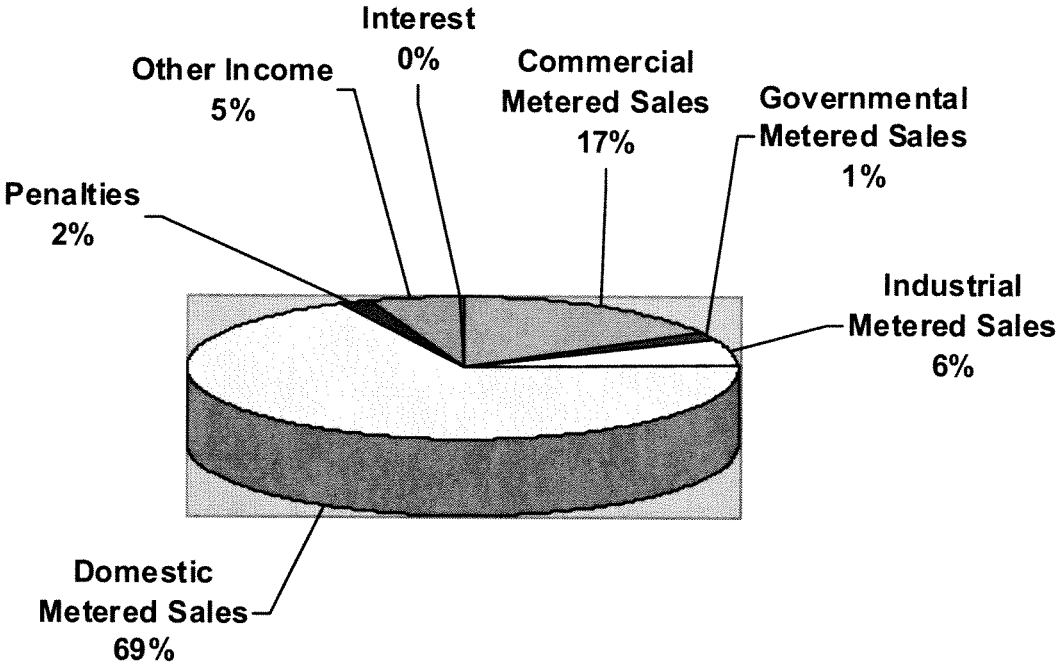
	2012	2011 Restated
Capital assets	$108,108,749	$ 109,541,343
Current and other assets	15,370,144	18,366,222
Total assets	123,478,893	127,907,565
Long-term debt outstanding	62,168,787	66,431,134
Other liabilities	2,929,226	2,587,006
Total liabilities	65,098,013	69,018,140
Net assets:		
Invested in capital assets, net of debt	46,009,780	43,179,286
Restricted	11,092,355	13,822,015
Unrestricted	1,278,745	1,888,122
Total net assets	$ 58,380,880	$ 58,889,423

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.

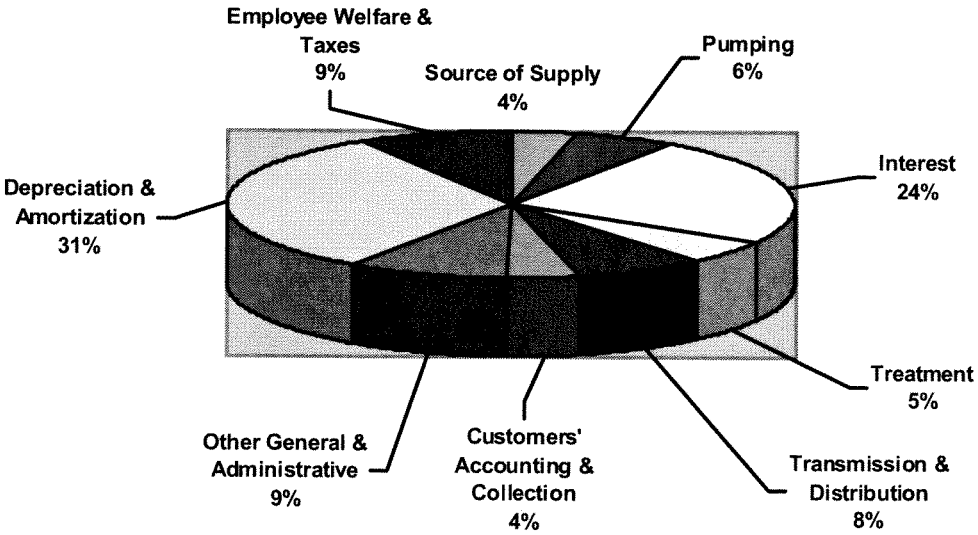
Table 2

	2012	2011 Restated
Net operating revenues	$ 9,790,750	$ 10,100,941
Interest income	39,369	75,695
Total revenues	9,830,119	10,176,636
Operating expenses	5,340,489	5,272,926
Interest expense	2,874,989	2,954,156
Other (income) expenses	128,380	120,497
Depreciation	3,663,101	3,608,074
Total expenses	12,006,959	11,955,653
Excess of revenues over expenses	(2,176,840)	(1,779,018)
Capital contributions	1,668,297	1,365,511
Change in net assets	(508,543)	(413,507)
Net assets at beginning of year	58,889,423	59,302,932
Net assets at end of year	$ 58,380,880	$ 58,889,423

2012 Revenues by Source



2012 Expenses by Function



Total operating revenues reflect a 3.1 % decrease in 2012 compared to 2011 due mainly to a decrease in water consumption by District customers. Interest income was less in 2012 because the District had fewer funds to invest compared to the year before as well as a decline in interest rates from the previous year.

Operating expenses increased by approximately 1.3 % in 2012 compared to 2011 due primarily to increase in costs such as fuel, electricity and water treatment chemicals.

THE DISTRICT'S CASH FUNDS

The District is operated as a proprietary or enterprise fund venture. As such the District operates **seven** 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 **Membrane Replacement Fund** provides for the replacement of the membrane filtration units at the Potomac River Water Filtration Plant. 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 $10,740,700 for FY 2011/2012 on May 9, 2011. Major differences between budgeted and actual amounts per budgetary basis on the Budgetary Comparison Schedule on page 36 are as follows: Income from metered water sales of all classes of customers did not meet projections. There are more than three percent of residential properties served by the District that are currently vacant. In addition, due to the slow economy, we have seen an increased emphasis in conserving water in all other classes of customers. Interest Income was less than anticipated. Capacity Improvement Fees were greater than the budgeted amount due to an increase in the number of new housing starts. Lastly, the amount of funds expended on Capital Improvements was greater than the budget primarily due to the installation of an additional raw water pump at the Potomac River Intake Pumping Station.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At the end of the 2012 Fiscal Year, the District had $108.1 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 decrease (including additions and deductions) of $1.4 million, or 1.3 % 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, 2012 and 2011.

Table 3

	2012	2011 Restated
Land and Land Improvements	$ 1,452,909	$ 1,454,414
Utility Plant and equipment	47,872,716	47,941,578
Water lines, meters and hydrants	54,576,255	54,859,916
Office equipment and furniture	133,400	124,848
Vehicles	1,662,202	1,685,792
Shop and garage equipment	514,603	407,393
Construction work in progress	1,896,664	3,067,402
Net utility plant	$108,108,749	$109,541,343

This year's major additions included:

- Water distribution system upgrades $ .34 million
- Potomac River Intake Pumping Station $ .19 million
- Other capital construction projects $ .07 million
- Purchase of equipment, vehicles, meters and computers $ .23 million

The District awarded professional design contracts for the following projects:

in FY 2011
- None

in FY 2012
- None

The District's 2013 capital budget plans for investing $0.71 million in capital additions and equipment, including the following:

New water plants and equipment
Service connections and meters
Main line extensions and fire hydrants
Water storage facilities
Vehicles
Tools and equipment
Computers and equipment

Berkeley County Public Service Water District

BALANCE SHEETS

June 30, 2012 and 2011

ASSETS

	2012	2011 Restated
CURRENT ASSETS		
Cash and temporary investments	$ **289,825**	$ 341,851
Accounts receivable - customers (net of allowance of $45,000 and $75,000, respectively)	**1,479,244**	1,480,370
Inventory	**171,268**	321,336
Other current assets	**113,480**	108,989
Total current assets	**2,053,817**	2,252,546
RESTRICTED ASSETS		
Debt service funds	**1,860,035**	1,943,994
Debt service reserve funds	**3,838,416**	3,838,205
Construction funds	**3,746,116**	3,796,229
Renewal and replacement funds	**1,061,975**	1,217,679
Customer deposits	**433,888**	436,012
Capacity improvement fees	**578,318**	3,011,646
Total restricted assets	**11,518,748**	14,243,766
Total current and restricted assets	**13,572,565**	16,496,312
UTILITY PLANT		
Utility plant in service	**142,442,472**	139,183,986
Construction in progress	**1,896,664**	3,067,402
Less accumulated depreciation	**(36,230,387)**	(32,710,045)
Net utility plant	**108,108,749**	109,541,343
OTHER ASSETS		
Unamortized debt issue expense	**1,797,579**	1,869,910
Total assets	$ **123,478,893**	$ 127,907,565

The accompanying notes are an integral part of this statement.

Berkeley County Public Service Water District

BALANCE SHEETS (Continued)

June 30, 2012 and 2011

LIABILITIES

	2012	2011 Restated
CURRENT LIABILITIES (payable from current assets)		
Leases payable (due within one year)	$ 25,010	$ 23,778
Line of credit	261,000	-
Accounts payable	173,474	174,987
Accrued expenses	123,345	78,012
Accrued payroll taxes	52,404	3,724
Total current liabilities (payable from current assets)	635,233	280,501
CURRENT LIABILITIES (payable from restricted assets)		
Revenue bonds payable (due within one year)	1,305,430	1,261,136
Accrued interest expense	562,169	623,621
Customer deposits	426,394	421,748
Total current liabilities (payable from restricted assets)	2,293,993	2,306,505
Total current liabilities	2,929,226	2,587,006
LONG-TERM LIABILITIES		
Advances for construction - developers	156,265	159,217
Leases payable	756,217	781,227
Net OPEB obligation	164,848	107,701
Revenue bonds payable	49,185,518	50,490,949
Less: unamortized deferred loss	(94,061)	(107,960)
Bond anticipation notes payable	12,000,000	15,000,000
Total long-term liabilities	62,168,787	66,431,134
Total liabilities	65,098,013	69,018,140

NET ASSETS

NET ASSETS		
Invested in capital assets, net of related debt	46,009,780	43,179,286
Restricted for debt and construction	11,092,355	13,822,015
Unrestricted	1,278,745	1,888,122
Total net assets	58,380,880	58,889,423
Total liabilities and net assets	$ 123,478,893	$ 127,907,565

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, 2012 and 2011

	2012	2011 Restated
OPERATING REVENUES		
Metered water sales		
- domestic	$ 6,708,347	$ 6,942,793
- commercial	1,632,728	1,639,866
- industrial	622,693	659,048
- governmental	131,278	147,968
Customers' forfeited discounts and penalties	207,747	201,429
Other operating income	487,957	509,837
Total operating revenues	9,790,750	10,100,940
OPERATING EXPENSES	5,340,489	5,272,926
Operating income before depreciation	4,450,261	4,828,014
DEPRECIATION	3,663,101	3,608,074
Operating income	787,160	1,219,940
NON-OPERATING INCOME (EXPENSE)		
Interest income	39,369	75,695
Gain on disposal of utility plant	5,877	13,760
Interest expense	(2,874,989)	(2,954,156)
Amortization	(134,257)	(134,257)
Total non-operating expense	(2,964,000)	(2,998,958)
Decrease in net assets before capital contributions	(2,176,840)	(1,779,018)
CAPITAL CONTRIBUTIONS	1,668,297	1,365,511
Decrease in net assets	(508,543)	(413,507)
Net assets at beginning of year	58,889,423	59,302,930
Net assets at end of year	$ 58,380,880	$ 58,889,423

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, 2012 and 2011

	2012	2011 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 9,796,522	$ 9,959,096
Cash payments for goods and services	(2,029,321)	(2,340,916)
Cash payments for employee services	(3,015,940)	(2,850,895)
Net cash provided by operating activities	4,751,261	4,767,285
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	39,369	75,695
Maturities, redemptions and purchases of certificates of deposit (net)	741,972	(96,544)
Net cash used in investing activities	781,341	(20,849)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from line of credit	261,000	-
Proceeds from utility plant disposal	7,055	13,900
Principal payments on revenue bonds payable	(1,261,137)	(1,212,973)
Principal payments on bond anticipation notes	(3,000,000)	-
Principal payments on capital lease payable	(23,778)	(22,606)
Interest paid	(2,922,547)	(2,947,997)
Payments made for advances for construction-developers	(2,952)	2,000
Payments made for issuance costs	(61,923)	-
Acquisition and construction of capital assets	(1,448,007)	(632,426)
Payments received for service connections	9,900	6,300
Payments received for capital improvement fees	874,714	716,244
Net cash used in capital and related financing activities	(7,567,675)	(4,077,558)
Net increase (decrease) in cash and cash equivalents	(2,035,073)	668,878
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,548,667	11,879,789
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 10,513,594	$ 12,548,667
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	$ 787,160	$ 1,219,940
Depreciation	3,663,101	3,608,074
Adjustments for changes in operating assets and liabilities:		
Receivables, net	1,126	(138,144)
Inventories	150,068	(3,370)
Other operating assets	(4,490)	(50,158)
Accounts payable	(1,513)	100,063
Payroll taxes payable	48,680	(15,353)
OPEB payable	57,147	54,395
Accrued expenses	45,335	(4,460)
Other operating liabilities	4,646	(3,704)
Net cash provided by operating activities	$ 4,751,260	$ 4,767,283
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Main line extensions contributed by developers	$ 783,679	$ 642,966

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 accounting policies and the presentation of the financial report of the District have been designed to conform to generally accepted accounting principles as applicable to governmental entities, in accordance with the Governmental Accounting Standards Board (GASB). GASB embodies the official pronouncements previously issued by the National Council on Governmental Accounting (NCGA).

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 and charged to operations. Interest paid on loans obtained for construction of plant facilities is capitalized when material. Capitalized interest for the years ended June 30, 2012 and 2011 was $65,746 and $151,008, 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, 2012 and 2011, 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 $74,085 and $56,169at June 30, 2012 and 2011, 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, 2012 and 2011:

		2012		2011
Operation and maintenance	$	**13,627**	$	18,127
Other cash		**2,131**		4,898
Revenue fund – checking		**143,391**		191,220
Revenue fund – certificates of deposit		**130,676**		127,607
Total	$	**289,825**	$	341,851

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, 2012, the District's cash and investment balances were as follows:

Investment Type	Maturities	Standard and Poor Credit Rating	Fair Value
Repurchase Agreements	Daily		$ 58,781
State Investment Pool	Average of 90 days	AA-	5,698,451
Total investments			5,757,232
Cash and Certificates of Deposit			6,050,112
Total Cash, Certificates of Deposit, and Investments			$ 11,807,344

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, 2012, $1,299,485 of the District's bank balance of $2,199,047 was exposed to custodial credit risk. Of the bank balance, $992,189 was covered by Federal Deposit Insurance (FDIC). Of the remaining balance of $1,206,858, $1,148,078 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name, and $58,781 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, 2012 and 2011.

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance at July 01, 2010	Additions	Retirements	Balance at June 30, 2011
Capital assets not being depreciated:				
Land	$ 1,392,490	$ -	$ -	$ 1,392,490
Other capital assets:				
Land improvements	140,919	-	-	140,919
Utility plant and equipment	45,335,795	18,820,792	23,495	64,133,092
Water lines, meters and hydrants	68,351,704	713,030	17,950	69,046,784
Office equipment and furniture	362,043	85,277	2,332	444,988
Vehicles	2,676,498	75,028	54,210	2,697,316
Shop and garage equipment	1,340,306	19,238	31,147	1,328,397
Construction work in progress	21,600,520	274,279	18,807,397	3,067,402
Total other capital assets	$ 139,807,785	$ 19,987,644	$ 18,936,531	$ 140,858,898
Less accumulated depreciation:				
Land improvements	$ 78,671	$ 324	$ -	$ 78,995
Utility plant and equipment	14,124,907	2,090,102	23,495	16,191,514
Water lines, meters and hydrants	12,807,820	1,396,998	17,950	14,186,868
Office equipment and furniture	312,192	10,280	2,332	320,140
Vehicles	976,485	89,260	54,221	1,011,524
Shop and garage equipment	930,890	21,110	30,996	921,004
Total accumulated depreciation	$ 29,230,965	$ 3,608,074	$ 128,994	$ 32,710,045
Net capital assets	$ 111,969,310	$ 16,379,570	$ 18,807,537	$ 109,541,343

CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance at July 01, 2011	Additions	Retirements	Balance at June 30, 2012
Capital assets not being depreciated:				
Land	$ 1,392,490	$ 1,600	$ -	$ 1,394,090
Other capital assets:				
Land improvements	$ 140,919	$ -	$ -	$ 140,919
Utility plant and equipment	64,133,092	1,324,520	16,465	65,441,147
Water lines, meters and hydrants	69,046,784	1,810,216	11,956	70,845,044
Office equipment and furniture	444,988	28,212	50,726	422,474
Vehicles	2,697,316	88,078	56,845	2,728,549
Shop, garage, and other equipment	1,328,397	150,386	8,534	1,470,249
Construction work in progress	3,067,402	358,361	1,529,099	1,896,664
Total capital assets	$ 140,858,898	$ 3,759,773	$ 1,673,625	$ 142,945,046
Less accumulated depreciation:				
Land improvements	$ 78,995	$ 3,109	$ -	$ 82,104
Utility plant and equipment	16,191,514	1,392,202	15,286	17,568,430
Water lines, meters and hydrants	14,186,868	2,093,877	11,956	16,268,789
Office equipment and furniture	320,140	19,660	50,726	289,074
Vehicles	1,011,524	111,641	56,818	1,066,347
Shop and garage equipment	921,004	42,585	7,946	955,643
Total accumulated depreciation	$ 32,710,045	$ 3,663,074	$ 142,732	$ 36,230,387
Net capital assets	$ 109,541,343	$ 98,299	$ 1,530,893	$ 108,108,749

REVENUE BONDS PAYABLE

The District is obligated under certain bond resolutions with respect to the following revenue bonds outstanding as of June 30, 2012 and 2011:

	2012	2011
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 $40,229 including 7.75% interest;	**$ 433,616**	$ 442,656
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;	**9,040**	9,492

REVENUE BONDS PAYABLE (Continued)

	2012	2011
Series D 1993 water revenue bonds in the original amount of $10,257,957, total annual installments of principal and interest at $751,218; principal payable in annual installments beginning October 1, 1995 and concluding April 1, 2033 with interest payable in semi-annual installments at 6.75%;	**$ 8,484,498**	$ 8,651,725
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;	**572,972**	583,234
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;	**1,807,581**	1,833,330
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;	**1,140,000**	1,265,000
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;	**1,728,241**	1,831,648

REVENUE BONDS PAYABLE (Continued)

	2012	2011
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;	$ **7,840,000**	$ 8,300,000
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;	**9,735,000**	9,805,000
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**	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**	9,500,000
Series 2009 water revenue bonds in the original amount of $7,510,000, principal payable in annual installments at varying amounts and semi-annual interest payments at varying rates averaging 4.00%; interest payments beginning June 2009 and principal payments beginning December 2010 and concluding December 2028 including 4.40% interest.	**6,940,000**	8,230,000
	$ **50,490,948**	$ 52,752,085

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, 2012 are as follows:

Year Ending June 30	Principal	Interest
2013	$ 1,305,430	$ 2,325,482
2014	1,365,926	2,272,823
2015	1,422,698	2,215,801
2016	1,485,829	2,154,034
2017	1,585,404	2,087,204
2018-2022	9,012,988	9,248,269
2023-2027	11,119,772	6,955,236
2028-2032	9,997,284	4,270,909
2033-2037	11,411,251	1,704,367
2038-2040	1,784,366	61,989
	$ 50,490,948	$ 33,296,114

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.

Water revenue bonds:	Balance at July 01, 2010	Additions	Deductions	Balance at June 30, 2011
Series B 1993	$ 451,045	$ -	$ 8,390	$ 442,656
Series C 1993	9,945	-	453	9,492
Series D 1993	8,808,377	-	156,652	8,651,725
Series 1996	592,893	-	9,659	583,234
Series 2001	1,857,667	-	24,337	1,833,330
Series B 2003	1,385,000	-	120,000	1,265,000
Series C 2003	1,930,130	-	98,482	1,831,648
Series 2004	8,745,000	-	445,000	8,300,000
Series 2006	9,875,000	-	70,000	9,805,000
Series 2007	2,300,000	-	-	2,300,000
Series 2008	9,500,000	-	-	9,500,000
Series 2009	7,510,000	-	280,000	7,230,000
Total water revenue bonds payable	$ 52,965,057	$ -	$ 1,212,973	$ 51,752,085
Less: Current portion due in upcoming year:				1,261,136
Long-term water revenue bonds payable at June 30, 2011 (net of current portion)				$ 50,490,949

REVENUE BONDS PAYABLE (Continued)

Water revenue bonds:	Balance at July 01, 2011	Additions	Deductions	Balance at June 30, 2012
Series B 1993	$ 442,656	$ -	$ 9,041	$ 433,615
Series C 1993	9,492	-	452	9,041
Series D 1993	8,651,725	-	167,227	8,484,498
Series 1996	583,234	-	10,262	572,972
Series 2001	1,833,330	-	25,749	1,807,581
Series B 2003	1,265,000	-	125,000	1,140,000
Series C 2003	1,831,648	-	103,407	1,728,241
Series 2004	8,300,000	-	460,000	7,840,000
Series 2006	9,805,000	-	70,000	9,735,000
Series 2007	2,300,000	-	-	2,300,000
Series 2008	9,500,000	-	-	9,500,000
Series 2009	7,230,000	-	290,000	6,940,000
Total water revenue bonds payable	$ 51,752,085	$ -	$ 1,261,138	$ 50,490,948
Less: Current portion due in upcoming year:				1,305,430
Long-term water revenue bonds payable at June 30, 2012 (net of current portion)				$ 49,185,518

The significant covenants contained in the bond issues are as follows:

	2012	2011
Actual coverage ratio	115%	127%
Required coverage ratio	120%	120%
Required annual additions to renewal and replacement fund	$ 240,036	$ 244,854
Required future debt service reserve	$ 4,825,402	$ 4,825,402

The above actual coverage ratio excludes the debt service associated with the 2007 bond anticipation note. This issue is not secured by the net revenues of the system. Pursuant to a bond counsel opinion dated October 22, 2011, debt service reserve fund amounts have been applied towards their respective issues' final payment of principal and interest in the calculation of coverage and consistent with the Districts' offering documents. As of June 30, 2012 the District is not in compliance with revenue bond required debt service coverage ratios. At June 30, 2011 the District was in compliance with revenue bond required debt service coverage ratios.

BOND ANTICIPATION NOTE PAYABLE

The District is obligated under certain bond resolutions with respect to the following revenue bonds outstanding as of June 30, 2012 and 2011:

	2012	2011
Series 2007 bond anticipation note in the original amount of $20,000,000 with semi-annual interest beginning August 2007 at 4.25% and total principal payable February 2014 including 4.25% interest.	**$ 12,000,000**	$ 15,000,000

BOND ANTICIPATION NOTE PAYABLE (Continued)

Maturities of bond anticipation note payable and interest payments for each of the next two years succeeding June 30, 2012 are as follows:

Year Ending June 30	Principal	Interest
2013	$ -	$ 510,000
2014	12,000,000	255,000
	$ 12,000,000	$ 765,000

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, 2010	Additions	Deductions	Balance at June 30, 2011
Long-term bond anticipation note payable:				
Series 2007	$ 15,000,000	$ -	$ -	$ 15,000,000

	Balance at July 01, 2011	Additions	Deductions	Balance at June 30, 2012
Long-term bond anticipation note payable:				
Series 2007	$ 15,000,000	$ -	$ 3,000,000	$ 12,000,000

The significant covenants contained in the bond issue are as follows:

	2012	2011
Actual coverage ratio	102%	109%
Required coverage ratio	100%	100%
Required annual additions to renewal and replacement fund	$ 240,036	$ 244,854
Required debt service reserve	$ 1,000,000	$ 1,000,000

The above actual coverage ratio excludes the 2007 bond anticipation note principal. This issue is not secured by the net revenues of the system. Pursuant to a bond counsel opinion dated October 22, 2011, debt service reserve fund amounts have been applied towards their respective issues' final payment of principal and interest in the calculation of coverage and consistent with the Districts' offering documents. As of June 30, 2012 and 2011, the District is in compliance with bond anticipation note required debt service coverage ratios.

LINE OF CREDIT PAYABLE

The District has a $1,000,000 unsecured line of credit, used to finance short term cash requirements. 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. The balance outstanding at June 30, 2012 and 2011 was $261,000 and $0, respectively. The District did not use the line of credit in the fiscal year ended June 30 2011.

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.

Minimum future lease payments under capital leases as of June 30, 2012, for each of the next five years and in the aggregate, are:

2013	$	**63,984**
2014		**63,984**
2015		**63,984**
2016		**63,984**
2017		**63,934**
2018-2022		**319,643**
2023-2027		**319,643**
2028-2032		**260,509**
Total minimum lease payments	$	**1,219,665**
Less: amount representing interest		**438,438**
Present value of net minimum lease payments	$	**781,227**

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, and signed addendums for additional space on February 1, 2007 and June 14, 2010. The original lease period expired November 30, 2004, with an option for six additional consecutive one year renewal periods, which the latest addendum has extended for three additional renewal periods, expiring May 31, 2013. The District has elected to exercise these annual options to continue the lease. The monthly rental rates for the extension periods ended January 31, 2010 and June 30, 2010 were $2,920 and $3,249, respectively. The monthly rental rates for the current extension periods ending November 30, 2011 and May 31, 2013 (including the addendums for additional space) are $3,945 and $4,045, respectively, per month. Rental expense charged to income for the years ended June 30, 2012 and 2011 was $48,140 and $47,664, respectively.

The District also entered into an operating lease for shop facilities on August 26, 2011. Rental payments under the lease agreement are $2,963 per month. The original lease term expires April 30, 2014. The lease automatically becomes a month-to-month rental agreement at the same amount at expiration of the original lease term. Rental expense for the years ended June 30, 2012 and 2011 was $34,167 and $27,500, respectively .

OPERATING LEASES (Continued)

The District has entered into operating lease agreements with six telecommunications providers which allows the attachment of cell phone towers/antenna to the District's water tanks . These agreements are for various term lengths with the longest extending through October 2026, if all renewal periods are elected. Monthly rents related to these agreements range from $275 - $2,185. Non-operating rental income for the years ended June 30, 2012 and 2011 was $138,076 and $139,528, respectively.

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, 2012. Also included in this account is are advanced payments received by the District of $156,256 for payment for lines to be installed in the future for two developments. This is not expected to be completed during the next fiscal year ending June 30, 2013.

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 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 Average Salary (FAS) times the number of years for which they were employed as a participant in the State PERS. FAS refers to the average annual salary from the highest 36 consecutive months within the last 10 years of employment.

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 $2,088,564, $2,044,948 and $1,953,026 for the years ended June 30, 2012, June 30, 2011 and 2010, 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 14.5% (12.5 and 11% during fiscal years ended June 30, 2011 and 2010, respectively) of its covered payroll. Total contributions made during the fiscal years ended June 30, 2010 through 2012 amounted to $396,824, $321,080, and $302,719, respectively, of which $93,985, $96,324, and $87,887 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, 2012, construction in progress consisted of various water upgrade projects and studies

Project 938 relates to water system capital improvements, namely a raw water source. As of June 30, 2012, expenditures totaling $57,556 had been incurred on this project, which is expected to cost approximately $102,600 upon completion.

Project 948 relates to water system capital improvements, namely easement acquisition for a water transmission main. As of June 30, 2012, expenditures totaling $11,208 had been incurred on this project, which is expected to cost approximately $111,000 upon completion.

Project 951 relates to water system capital improvements, namely the installation of water transmission mains. As of June 30, 2012, expenditures totaling $1,012,632 had been incurred on this project, which is expected to cost approximately $1,317,000 upon completion.

Project 957 relates to water system capital improvements, namely the installation of the Grubbs Corner tank. As of June 30, 2012, expenditures totaling $140,724 had been incurred on this project, which is expected to cost approximately $2,920,000 upon completion.

Project 958 relates to architectural building design. As of June 30, 2012, expenditures totaling $663,289 had been incurred on this project, which is expected to cost approximately $690,000 upon completion.

Project 962 relates to Potomac Station well pumps and raw water main. As of June 30, 2012, expenditures totaling $3,050 had been incurred on this project, which is expected to cost approximately $100,000 upon completion.

Project 803 relates to Bunker Hill townhomes 16" water main. As of June 30, 2012, expenditures totaling $7,617 had been incurred on this project, which is expected to cost approximately $223,000 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 $785,694 and $642,966 for the years ended June 30, 2012 and 2011, respectively. Total capital contributions in the income statement consist of the following:

		2012		2011
Mainline extensions, hydrants, and services	$	**785,694**	$	642,966
Service connection fees		**9,900**		6,300
Capacity improvement fees		**872,703**		716,245
Total capital contributions	$	**1,668,297**	$	1,365,511

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash and cash equivalents consist of the following at June 30, 2012 and 2011

		2012		2011
Operation and maintenance	$	**15,775**	$	23,025
Revenue fund		**143,391**		191,220
Debt service funds		**1,860,035**		1,943,994
Debt service reserve funds		**3,838,416**		3,838,205
Construction fund		**3,746,116**		3,796,229
Renewal and replacement fund		**307,461**		257,458
Security deposit funds		**24,082**		23,019
Capacity improvement fees		**578,318**		2,475,517
Total	$	**10,513,594**	$	12,548,667

The change in cash and cash equivalents by unrestricted and restricted designations consists of the following at June 30, 2012 and 2011:

		Unrestricted		Restricted		Total
June 30, 2011	$	214,245	$	12,334,422	$	12,548,667
June 30, 2012		159,149		10,354,445		10,513,594
Increase (decrease) in cash and cash equivalents	$	(55,096)	$	(1,979,977)	$	(2,035,073)

OTHER POST-EMPLOYMENT BENEFITS

Effective July 1, 2010, the District adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect long-term liabilities and related expenses of $164,848 and $61,791, $107,701 and $ 61,791, and $52,934 and $61,791 at June 30, 2012, 2011 and 2010, respectively, resulting from the adoption.

OTHER POST-EMPLOYMENT BENEFITS (Continued)

Plan Description. The District is deemed a non-participating entity with eligible retirees, which means that the District does not currently participate in a group medical or prescription drug coverage plan through PEIA; however, the District has qualifying retirees who are eligible to participate in a retiree plan due to prior service. As a result of being a non-participating entity, the District does not have covered payroll associated with its liability.

The financial activities of PEIA's OPEB plan are accounted for by the West Virginia Retiree Health Benefit Trust (RHBT). The plan provides retiree group medical and prescription drug coverage. The RHBT issues a publically available financial report that includes financial statements and required supplementary information for RHBT. That report and details regarding this plan can be obtained by contacting Public Employees Insurance Agency, 601 57th Street Southeast, Suite 2, Charleston, West Virginia 25304-2345 or by calling 1-888-680-7342.

Funding Policy. GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The District currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits.

The District's OPEB cost is a calculated annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded liabilities over a period of thirty (30) years. As of July 1, 2010, the most recent actuarial date, the Plan was not funded. The following tables illustrate the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, changes in the net OPEB obligation, and funding progress. For the fiscal years ended June 30:

	2012	2011
Normal cost	$ 7,686	$ 7,686
Amortization of unfunded	53,875	53,875
Interest	230	230
Annual required contribution	$ 61,791	$ 61,791
Annual required contribution	$ 61,791	$ 61,791
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost	61,791	61,791
Contributions made	(4,644)	(7,024)
Increase in net OPEB obligation	57,147	54,767
Net OPEB obligation - beginning of year	107,701	52,934
Net OPEB obligation - end of year	$ 164,848	$ 107,701

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2012 thru 2010:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation-End of year
2012	$ 61,791	7.52%	$ 164,848
2011	$ 61,791	11.37%	$ 107,701
2010	$ 61,791	14.33%	$ 52,934

The requirements of GASB State No. 45 have been implemented prospectively. Because this was the year of transition, the previous illustration does not contain similar information for the two proceeding years.

OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involves estimates of the value of reported amounts and assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is meant to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because June 30, 2011 was the year of transition and the requirements of GASB Statement No. 45 have been implemented prospectively, the schedule of funding progress does not contain information for the two preceding years.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefits costs between the District and plan members at that point. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2010
Actuarial cost method	Projected unit credit method
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	3%
Projected salary increases	Not applicable
Healthcare inflation rate	1.5% - 7.0%

RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

RESTATEMENT

During the fiscal year ended June 30, 2012, the District discovered it had not reflected in it's records inventory that had been capitalized and recorded as construction in progress during the fiscal year ended June 30, 2011. The net assets for the year ended June 30, 2011 have been restated to correct the error and to reflect the correct inventory asset and operating expense. The effect of this restatement was to decrease inventory at June 30, 2011 and increase operating expense for the fiscal year ended June 30, 2011 by $51,409. The net asset balance previously reported was $58,940,834 and was restated to $58,889,423.

The following financial statement line items were restated as of June 30, 2011:

	Amount Previously Reported	Amount As Restated	Adjustments
Balance sheet			
Inventory	$ 372,744	$ 321,336	$ (51,408)
Statement of revenues, expenses, and changes in net assets			
Operating expenses	5,221,518	5,272,926	51,408
Total adjustment to net assets at June 30, 2011			$ (51,408)

SUBSEQUENT EVENTS

During August 2012, the PSC ruled that the District was no longer allowed to continue to collect CIF's after May 30, 2012, and that CIF's collected from May 31, 2012 through present were to be refunded. The District collected $242,618 in CIF's after May 30, 2012. These funds were held in a separate account, and were refunded to the respective customers prior to August 31, 2012.

REQUIRED SUPPLEMENTAL INFORMATION

Berkeley County Public Service Water District

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2012

POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Schedule of Funding Progress - Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll	UAAL as Percentage of Covered Payroll
07/01/09	$ -	$ 108,394	$ 108,394	N/A	N/A	N/A

Schedule of Employer Contributions - Other Post Employment Benefits

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed
2012	$ 61,791	7.52%
2011	$ 61,791	11.37%
2010	$ 61,791	14.33%

Because last was the year of transition and the requirements of GASB State No. 45 have been implemented prospectively, the schedule of funding progress and the schedule of employer contributions for other post employment benefits do not contain similar information for the two proceeding years.

The District has not prefunded the postemployment benefit liability. No assets have been segregated and restricted to provide post employment benefits. Additionally, because the District is considered a "non-participating" employer, the schedule of funding progress does not contain amounts for covered payroll or UAAL as a percentage of covered payroll.

See independent auditors' report.

Berkeley County Public Service Water Distric

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2012

	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	$ 7,132,400		$ 7,132,400		$ 6,708,347		$ -		$ 6,708,347
- commercial	1,724,000		1,724,000		1,632,728		-		1,632,728
- industrial	686,000		686,000		622,693		-		622,693
- governmental	152,000		152,000		131,278		-		131,278
Customers' forfeited discounts and penalties	202,600		202,600		207,747		-		207,747
Other operating income	477,400		477,400		487,957		-		487,957
Refunds and reimbursements	361,000		361,000		55,789	(F)	(55,789)		-
Total operating revenues	10,735,400		10,735,400		9,846,539		(55,789)		9,790,750
OPERATING EXPENSES	5,296,000		5,296,000		5,340,489		-		5,340,489
Operating income before depreciation	5,439,400		5,439,400		4,506,050		(55,789)		4,450,261
DEPRECIATION	-	(A)	-		-		3,663,101		3,663,101
Operating income	5,439,400		5,439,400		4,506,050		(3,718,890)		787,160
NON-OPERATING INCOME (EXPENSE)									
Interest income	29,300		29,300		5,331	(G)	34,038		39,369
Interest expense	-	(B)	-		-		(2,874,989)		(2,874,989)
Amortization	-	(A)	-		-		(134,257)		(134,257)
Gain on disposal of utility plant	-	(A)	-		-		5,877		5,877
Total non-operating income (expenses)	29,300		29,300		5,331		(2,969,331)		(2,964,000)
Increase in net assets before capital contributions	5,468,700		5,468,700		4,511,381		(6,688,221)		(2,176,840)
CAPITAL CONTRIBUTIONS	640,000	(H)	640,000		874,714		793,583	(A)	1,668,297
OTHER FINANCING SOURCES (USES)									
Renewal and replacement funds	473,040	(C)	473,040		240,037	(F)	(240,037)		-
Debt service	(4,213,100)	(D)	(4,213,100)		(7,183,684)	(F)	7,183,684		-
Capital improvements	(1,137,040)	(E)	(1,137,040)		(1,448,007)	(F)	1,448,007		-
Total other financing sources (uses)	(4,877,100)		(4,877,100)		(8,391,654)		8,391,654		-
Increase in net assets	1,231,600		1,231,600		(3,005,559)		2,497,016		(508,543)
Net assets at beginning of year	58,478,491		59,811,082		60,472,465		-		58,889,423
Net assets at end of year	$ 59,710,091		$ 61,042,682		$ 57,466,906		$ 2,497,016		$ 58,380,880

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 improvement fees only.

See independent auditors' report.

Berkeley County Public Service Water Distric

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2011

	Budgeted Amounts (Original)		Budgeted Amounts (Final)		Actual Amounts Budgetary Basis Restated		Budget to GAAP Differences Over (under)		Actual Amounts GAAP Basis Restated
OPERATING REVENUES									
Metered water sales - domestic	$ 7,365,600		$ 7,365,600		$ 6,942,793		$ -		$ 6,942,793
- commercial	1,824,300		1,824,300		1,639,866		-		1,639,866
- industrial	655,800		655,800		659,048		-		659,048
- governmental	142,300		142,300		147,968		-		147,968
Customers' forfeited discounts and penalties	200,600		200,600		201,429		-		201,429
Other operating income	435,900		440,900		509,837		-		509,837
Refunds and reimbursements	30,000		25,000		10,441	(F)	(10,441)		-
Total operating revenues	10,654,500		10,654,500		10,111,381		(10,441)		10,100,941
OPERATING EXPENSES	5,346,700		5,346,700		5,272,928		-		5,272,928
Operating income before depreciation	5,307,800		5,307,800		4,838,452		(10,441)		4,828,013
DEPRECIATION	-	(A)	-		-		3,608,074		3,608,074
Operating income	5,307,800		5,307,800		4,838,452		(3,618,515)		1,219,939
NON-OPERATING INCOME (EXPENSE)									
Interest income	37,500		37,500		4,912	(G)	70,783		75,695
Interest expense	-	(B)	-		-		(2,954,156)		(2,954,156)
Amortization	-	(A)	-		-		(134,257)		(134,257)
Gain on disposal of utility plant	-	(A)	-		-		13,760		13,760
Total non-operating income (expenses)	37,500		37,500		4,912		(3,003,870)		(2,998,958)
Increase in net assets before capital contributions	5,345,300		5,345,300		4,843,364		(6,622,385)		(1,779,019)
CAPITAL CONTRIBUTIONS	890,000	(H)	890,000		874,714		490,797	(A)	1,365,511
OTHER FINANCING SOURCES (USES)									
Renewal and replacement funds	266,000	(C)	266,000		244,851	(F)	(244,851)		-
Debt service	(4,311,000)	(D)	(4,311,000)		(4,160,970)	(F)	4,160,970		-
Capital improvements	(1,682,150)	(E)	(1,682,150)		(632,426)	(F)	632,426		-
Total other financing sources (uses)	(5,727,150)		(5,727,150)		(4,548,545)		4,548,545		-
Increase in net assets	508,150		508,150		1,169,533		(1,583,043)		(413,508)
Net assets at beginning of year	57,970,341		59,302,932		59,302,932		-		59,302,931
Net assets at end of year	$ 58,478,491		$ 59,811,082		$ 60,472,465		$ (1,583,043)		$ 58,889,423

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 improvement fees only.

See independent auditors' report.

SUPPLEMENTAL INFORMATION

Berkeley County Public Service Water District

SCHEDULES OF OPERATING EXPENSES

For the years ended June 30, 2012 and 2011

	2012	2011
Source of supply expenses		
Maintenance of sources of supply	$ 27,860	$ 39,233
Operation supervision and labor	23,780	17,243
Water purchased	295,659	292,227
Miscellaneous expenses	76,214	152,515
Rents	7,796	8,290
Total	431,309	509,509
Pumping system expenses		
Power purchased	430,145	429,691
Pumping supervision and labor	265,244	273,033
Maintenance of pumping system	154	15
Total	695,543	702,739
Treatment expenses		
Operation supervision and labor	203,060	192,598
Chemical treatment	216,222	193,559
Miscellaneous expenses	112,308	47,050
Maintenance of treatment system	90,475	73,649
Total	622,065	506,857
Transmission and distribution expenses		
Miscellaneous expenses	92,473	95,788
Maintenance of distribution mains	774,739	803,940
Rent - building and equipment	34,667	27,500
Rent - railroad right of way	5,200	4,050
Total	907,079	931,279
Customers' accounting and collection expenses		
Meter reading	54,651	56,453
Accounting and collection	465,187	421,475
Total	519,838	477,929
General and administrative expenses		
Salaries and wages	632,055	597,356
Office and general supplies	18,118	39,215
Outside services	94,506	98,234
Employee welfare	914,789	899,171
Regulatory commission expense	27,590	29,749
Insurance	145,840	142,666
Miscellaneous expenses	134,487	133,702
Maintenance of equipment	41,229	41,496
Payroll taxes	156,041	163,025
Total	2,164,655	2,144,615
Total operating expenses	$ 5,340,489	$ 5,272,926

See independent auditors' report.

201 E. Burke Street
Martinsburg, WV 25401
Phone 304.263.0891
Fax 304.263.0997

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 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, 2012 and 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 4, 2012. 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

Management of the District is responsible for establishing and maintaining effective 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* described as 2012-1 in the accompanying Schedule of Findings and Response.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the District's response and, accordingly, we express no opinion on it

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
Martinsburg, WV

October 4, 2012

Berkeley County Public Service Water District

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2012

Compliance

During the testing of compliance with laws, regulations and agreements, we noted the following:

2012-1 Condition: District did not maintain rates established at a sufficient level to enable a bond coverage ratio of 120% for revenue bonds. The June 30, 2012 revenue bond coverage ratio is 115%.

Criteria: Revenue bond covenants require a minimum coverage ratio of 120% of amount required to pay the highest succeeding fiscal year debt service (principal and interest) on all revenue bonds outstanding after payment of operating expenses.

Effect: Coverage ratio is less than mandated by bond covenants.

Recommendation: We recommend that the District maintain rates established at a level sufficient to provide a minimum coverage ratio of 120%.

Response: We concur with the recommendation. The District has established procedures to calculate this requirement on a quarterly basis. Calculations prepared for the six months ended December 31, 2011 and the nine months ended March 31, 2012 demonstrated compliance with this requirement. An unexpected decline in water usage during the fourth quarter of the fiscal year resulted in violation of this covenant. The District plans to file a Rule 42 Exhibit with the Public Service Commission of West Virginia to request a rate increase sufficient to provide a minimum coverage ratio of 120% within sixty days of the receipt of the audit report.

APPENDIX C

[Proposed Form of Bond Counsel Opinion]

[Date of Delivery]

Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2012 B (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

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 $7,800,000* in aggregate principal amount Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Series 2012 B Bonds").

The Series 2012 B Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on November 26, 2012, as supplemented (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 2012 B Bonds are issued for the purposes of providing funds, together with other moneys available thereof, (i) to finance the costs of acquisition or construction of additions, betterments and improvements to the existing waterworks of the Issuer; (ii) to pay capitalized interest; (iii) to fund the Series 2012 B Bonds Reserve Account; and (iv) to pay costs of issuance and related costs.

The Series 2012 B Bonds have been sold to Ross, Sinclaire & Associates, LLC (the "Purchaser"), pursuant to a Bond Purchase Agreement dated December ____, 2012, 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 Certificate and the Continuing Disclosure Certificate 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 Certificate and the Continuing Disclosure Certificate and with certain certificates delivered in connection with the issuance of the Series 2012 B Bonds, we are of the opinion, under existing law, that:

*Preliminary, subject to change.

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 Certificate and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2012 B Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement and the Continuing Disclosure Certificate and has issued and delivered the Series 2012 B Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement and the Continuing Disclosure Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2012 B Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. Assuming continuing compliance by the Issuer with certain covenants in the Resolution and other documents pertaining to the Series 2012 B Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States, interest on the Series 2012 B Bonds is not includable in the gross income of the owners of the Bonds for purposes of federal income taxation. Interest on the Series 2012 B Bonds is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals or corporations. Interest on the Series 2012 B Bonds, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may, therefore, affect a corporation's alternative minimum tax liability.

5. The Issuer has designated the Series 2012 B Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code.

6. Under the Act, the Series 2012 B Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2012 B Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

7. The Series 2012 B Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (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 (West Virginia Water Development Authority), dated October 25, 2001; (vi) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003; (vii) Water Refunding Revenue Bonds, Series 2003 C, dated May 15, 2003; (viii) Water Revenue Bonds, Series 2006, dated December 28, 2006; (ix) Water Revenue Bonds, Series 2007, dated December 21, 2007; (x) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008; (xi) Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009; and (xii) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) dated on December 19, 2012 (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 2012 B Bonds and the Resolution.

Other than as explicitly provided herein, we express no opinion as to any other federal income tax consequences caused by ownership of or receipt of interest on the Series 2012 B Bonds.

It is to be understood that the rights of the holders of the Series 2012 B Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2012 B Bonds, the Resolution, the Continuing Disclosure Certificate and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. BR-1 through BR-__ of said issue, and in our opinion, said Series 2012 B Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX D

[Form of the Resolution]

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,500,000, 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, 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 installation of well pumps with electrical control systems at the Potomac Station Well Field and a new 12 inch and 16 inch raw water main from the Potomac Station Well Field to the existing Potomac River Water Treatment Plant, construction of an operations center and installation of water mains along U.S. Route 11 and all necessary appurtenances (collectively, the "Project");

WHEREAS, there are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon have the lien positions with respect to the Net Revenues of the waterworks system of the Issuer: (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 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) 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"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; and (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (collectively, the "Prior Issued Bonds"). In addition to the Prior Issued Bonds, the District anticipates selling its Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds") on November 27, 2012 and expects to close on the Series 2012 A Bonds on December 20, 2012. The Prior Issued Bonds together with the Series 2012 A Bonds are collectively referred to herein as the "Prior Bonds."

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 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 B 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 positions with respect to the Capacity Improvement Fees of the Issuer 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 $12,000,000 (the "Series 2007 Notes" or the "Prior Notes"). The Series 2007 Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the 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, Surplus Revenues of the System and certain funds and accounts related to the Series 2007 Notes, as set forth in resolution pursuant to which the Series 2007 Notes were issued, and are not payable by the Net Revenues of the System. The Series 2007 Notes do not have a lien on the Net Revenues of the Issuer. The Capacity Improvement Fees ARE NOT considered a part of the Net Revenues of the System. The current status of the Capacity Improvement Fees is discussed herein.

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of Berkeley County that its Series 2012 B 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 2012 B Bonds.

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

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

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

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

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

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

"Bonds" means, collectively, the Series 2012 B Bonds, the First Lien Bonds and the Second Lien Bonds, and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"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.

"Capitalized Interest" shall mean interest on the Series 2012 B Bonds which is paid from the proceeds of such Series 2012 B Bonds

"Capitalized Interest Period" shall mean the period of time commencing with the Closing Date and continuing to June 30, 2013.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2012 B Bonds in substantially the form set forth in EXHIBIT A - SERIES 2012 B 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 2012 B 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 2012 B Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

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

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

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

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"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 2012 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2012 B 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 2012 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds of the Series 2012 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2012 B Bonds.

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

"Original Purchaser" means Ross, Sinclaire & Associates, LLC, Cincinnati, Ohio, as the purchaser of the Series 2012 B Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2012 B Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2012 B Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2012 B Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2012 B Bonds.

"Outstanding," when used with reference to the Series 2012 B Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by

the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer.

"Paying Agent," initially, the West Virginia Municipal Bond Commission and any other paying agent or other entity designated as such for the Series 2012 B Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"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 2012 B Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2012 B Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2012 B Bonds of each maturity is sold or, if the Series 2012 B Bonds are privately placed, the price paid by the first buyer of the Series 2012 B Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2012 B Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2012 B Bonds.

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

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed

by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia 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.

"Rebate Fund" means the Rebate Fund described in Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated in the Series 2012 B Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2012 B Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

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

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

"Reserve Accounts" means the respective Reserve Accounts established for the Series 2012 B Bonds and the Prior Bonds.

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

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

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

"Series 2012 B Bonds" means the Water Revenue Bonds, Series 2012 B (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2012 B Bonds Capitalized Interest Fund" means the Series 2012 B Bonds Capitalized Interest Fund created by Section 4.02 hereof.

"Series 2012 B Bonds Construction Fund" means the Series 2012 B Bonds Construction Fund created by Section 4.02 hereof.

"Series 2012 B Bonds Cost of Issuance Fund" means the Series 2012 B Bonds Cost of Issuance Fund created by Section 4.02 hereof.

"Series 2012 B Bonds Redemption Account" means the Series 2012 B Bonds Redemption Account created by Section 4.02 hereof.

"Series 2012 B Bonds Reserve Account" means the Series 2012 B Bonds Reserve Account created by Section 4.02 hereof.

"Series 2012 B Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2012 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2012 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2012 B Bonds.

"Series 2012 B Bonds Sinking Fund" means the Series 2012 B Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2012 B Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following adoption of this Resolution, setting forth the final amounts, maturities, interest rates and other terms of the Series 2012 B Bonds and authorizing the sale of the Series 2012 B Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"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 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 2012 B (Bank Qualified), in the total aggregate principal amount of not more than $8,500,000 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 2012 B 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 applied to funding the Series 2012 B Bonds Reserve Account; and the payment of; 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; discount; initial fees for the services of registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

H. All things necessary to make the Series 2012 B Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2012 B Bonds, will be timely done and duly performed.

I. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System and the issuance of the Series 2012 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2012 B Bonds or such final order will not be subject to appeal or rehearing.

J. The adoption of this Resolution, and the execution and issuance of the Series 2012 B Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2012 B Bonds by those who shall own or hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of such Bondholders of any and all of such Series 2012 B Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

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 $8,500,000. The proceeds of the Series 2012 B 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 2012 B Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Series 2012 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2012 B 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 2012 B Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2012 B Bonds shall be in default, Bonds issued in exchange for Series 2012 B Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2012 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2012 B 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 2012 B Bonds shall be paid by check or draft made payable and mailed to the Registered Owner 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 $1,000,000 or more of the Series 2012 B 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 2012 B 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 Registered Owner thereof, another Bond in the principal amount of said Series 2012 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2012 B 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 2012 B Bonds shall cease to be such officer of the Issuer before the Series 2012 B Bonds so signed and sealed have been actually sold and delivered, such Series 2012 B Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2012 B Bonds had not ceased to hold such office. Any Series 2012 B 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 2012 B Bonds shall hold the proper office in the Issuer, although at the date of such Series 2012 B Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2012 B 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 2012 B Bond, substantially in the form set forth in EXHIBIT A – SERIES 2012 B BOND attached hereto and incorporated herein by reference WITH RESPECT TO SUCH RESPECTIVE Series 2012 B Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2012 B 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 2012 B 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 2012 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2012 B Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Series 2012 B Bonds, shall be conclusively deemed to have agreed that such Series 2012 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2012 B Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2012 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2012 B Bonds. Series 2012 B 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 2012 B Bond, there shall be issued at the option of the Holder or the transferee another Series 2012 B 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 2012 B 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 2012 B Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Series 2012 B 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 2012 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2012 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series

2012 B Bonds, the initial exchange of Series 2012 B Bonds and exchanges of Series 2012 B Bonds in the event of partial redemption of fully registered Series 2012 B 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 2012 B 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 2012 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 B 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 2012 B Bond of like series, maturity and principal amount as the Series 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2012 B 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 2012 B Bonds be at any time found by any one, and such duplicate Series 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B Bonds Sinking Fund, as will exhaust as nearly as practicable such Series 2012 B Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2012 B Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Original Purchaser and the registered owner of the Series 2012 B 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 2012 B Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2012 B Bonds shall also be sent to registered securities depositories.

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

(1) The Redemption Date;

(2) The Redemption Price;

(3) If less than all outstanding Series 2012 B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2012 B Bonds, as appropriate, to be redeemed;

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Series 2012 B 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 2012 B 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 2012 B Bonds.

If funds sufficient to redeem all Series 2012 B 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 2012 B Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2012 B Bonds or portions of Series 2012 B 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 2012 B Bonds or portions of Series 2012 B Bonds shall cease to bear interest. Upon surrender of such Series 2012 B Bonds for redemption in accordance with said notice, such Series 2012 B 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 2012 B 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 2012 B Bond. All Series 2012 B 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 2012 B Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Series 2012 B Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Series 2012 B Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

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

Section 3.10. Authorization of Bonds. For the purposes of paying costs of acquisition and construction of the Project, funding the Series 2012 B Bonds Reserve Account, paying capitalized interest on the Series 2012 B Bonds and paying costs in connection therewith, there shall be issued the Series 2012 B Bonds of the Issuer, in an aggregate principal amount of not more than $8,500,000. The Series 2012 B shall be designated "Water Revenue Bonds, Series 2012 B (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 2012 B Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2012 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2012 B Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Series 2012 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2012 B Bonds, respectively, of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2012 B Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2012 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2012 B Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2012 B Bond, or any other evidence of ownership of the Series 2012 B Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2012 B Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2012 B Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Resolution, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2012 B Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2012 B Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Resolution. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2012 B Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2012 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2012 B Bonds so redeemed, but DTC may return such Series 2012 B Bonds and make an appropriate notation on the Series 2012 B 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 2012 B Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2012 B Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2012 B Bonds, selecting the Series 2012 B Bonds, or portions thereof, to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 2012 B Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be

affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2012 B Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2012 B Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2012 B Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2012 B Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2012 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2012 B Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2012 B Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 2012 B Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2012 B Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 2012 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2012 B Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2012 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 B Bonds to the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2012 B Bonds by Bond Counsel; and

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

Section 3.13. Form of Bonds. The definitive Series 2012 B Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2012 B BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2012 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2012 B Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds.

Upon the issuance and delivery of the Series 2012 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2012 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2012 B Bonds Sinking Fund and applied to payment of interest on the Series 2012 B Bonds at the first interest payment date.

2. An amount of proceeds of the Series 2012 B Bonds equal to the amount of Capitalized Interest for the Capitalized Interest Period shall be deposited in the Series 2012 B Bonds Capitalized Interest Fund. All funds on deposit in the Series 2012 B Bonds Capitalized Interest Fund shall be applied during the Capitalized Interest Period to the payment of accrued interest on the Series 2012 B Bonds at the first interest payment date. Any monies remaining on deposit in the Series 2012 B Bonds Capitalized Interest Fund on July 31, 2013 shall be transferred to the Series 2012 B Bonds Sinking Fund and applied ratably to the payment of debt service on the Series 2012 B Bonds.

3. An amount of the proceeds of the Series 2012 B Bonds equal to the Series 2012 B Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2012 B Bonds Reserve Account, provided that, to the extent the Series 2012 B 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 2012 B Bonds shall be used to purchase said reserve account letter of credit, surety bond or other credit facility and proceeds of the Series 2012 B Bonds shall be deposited in the Series 2012 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2012 B Bonds Reserve Requirement.

4. An amount of the proceeds of the Series 2012 B Bonds which shall be sufficient to pay the costs of issuance of the Series 2012 B 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 2012 B 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 2012 B Bonds Construction Fund.

5. The balance of proceeds of the Series 2012 B Bonds, not used for any of the purposes set forth above, shall be deposited in the Series 2012 B 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 2012 B Bonds Construction Fund. Disbursements from the Series 2012 B Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2012 B 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 2012 B 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 2012 B Bonds as "Qualified Tax-Exempt Obligations." The Issuer hereby designates the Series 2012 B Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code and the Issuer covenants that the Series 2012 B Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and the Issuer reasonably anticipates 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 2012 B Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2012, 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 2012 B Bonds Construction Fund;

(4) Series 2012 B 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 2012 B Bonds Capitalized Interest Fund;

(2) Series 2012 B Bonds Sinking Fund;

(3) Series 2012 B Bonds Redemption Account; and

(4) Series 2012 B 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 2012 B Bonds, for deposit in the Series 2012 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2012 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 B Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2012 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2012 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2012 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2012 B Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay the principal of the First Lien Bonds; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2012 B Bonds, for deposit in the Series 2012 B Bonds Sinking Fund, and in the Series 2012 B Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2012 B Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 B Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2012 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to fund the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2012 B Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2012 B Bonds Reserve Account below the Series 2012 B Bonds Reserve Requirement or any withdrawal from the Series 2012 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2012 B 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 2012 B Bonds Reserve Account is less than the Series 2012 B Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2012 B Bonds Reserve Account for deposit into the Series 2012 B Bonds Sinking Fund. To the extent Net Revenues and any other

legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2012 B Bonds Reserve Account to an amount equal to the Series 2012 B 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 2012 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 B 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 Bond 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 Bond Commission for deposit in the Reserve Account for Second Lien Bonds the amount required under the Prior Resolutions.

Monies in the Series 2012 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2012 B Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the Series 2012 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2012 B Bonds when due, when amounts in the Series 2012 B Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Issuer shall not be required to make any further payments into the Series 2012 B Bonds Sinking Fund or the Series 2012 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series 2012 B Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2012 B Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2012 B Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirements therefor.

The payments into the Series 2012 B Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

The Issuer shall restore any withdrawals from the Series 2012 B Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2012 B 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 2012 B 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 2012 B Bonds Sinking Fund and the Series 2012 B 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 2012 B 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 2012 B Bonds Reserve Account, pro rata, to the Series 2012 B Bonds Sinking Fund, any earnings on the monies deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2012 B Bonds Reserve Account an amount at least equal to the Series 2012 B 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 2012 B Bonds Reserve Account, whereupon such account shall be valued immediately after such withdrawal.

(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 2012 B 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 2012 B 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 2012 B Bonds in such manner and to such extent as may be necessary, so that the Series 2012 B 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 2012 B Bonds) so that the interest on the Series 2012 B Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2012 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2012 B Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect, with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2012 B Bonds from gross income for federal income tax purposes.

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

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2012 B Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 2012 B Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 B Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 B Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution but shall be payable solely from the Net Revenues of the System, the monies in the Series 2012 B Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2012 B Bonds or monies in the Series 2012 B Bonds Capitalized Interest Fund and Series 2012 B Bonds Construction Fund, all as herein provided. No Holder or Holders of the Series 2012 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2012 B Bonds, or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Series 2012 B Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with 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 2012 B Bonds herein authorized, and to make the payments into the Series 2012 B Bonds Sinking Fund, the Series 2012 B 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 2012 B Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any fiscal year for payment of principal of and interest on the Series 2012 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2012 B 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 2012 B Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2012 B Bonds, immediately be remitted to the Bond Commission for deposit in the Series 2012 B 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 2012 B Bonds. Any balance remaining after the payment of the Series 2012 B Bonds and interest thereon shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $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 2012 B Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2012 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2012 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2012 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2012 B Bonds and the interest thereon, if any, in this Resolution, or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 B Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2012 B Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by an Independent Certified Public Accountant reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 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 2012 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2012 B Bonds.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2012 B 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 of 1931, as amended, 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 2012 B 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 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 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 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 2012 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2012 B Bonds, pro rata, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds, and senior and prior to the lien in favor of the Holders of the Second Lien Bonds.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2012 B Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2012 B Bonds during the term thereof is, under the terms of the Series 2012 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of

property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2012 B Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2012 B Bonds during the term thereof is, under the terms of the Series 2012 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2012 B Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2012 B Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2012 B Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2012 B Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2012 B Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2012 B Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

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 2012 B Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2012 B Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Series 2012 B Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder;

(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.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder 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 2012 B 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 2012 B Bonds shall be on a parity with one another and also on parity with those of the Holders of the First Lien Bonds, and senior and prior to those of the Holders of the Second Lien Bonds.

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder 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 2012 B 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 2012 B 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.

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 2012 B Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 2012 B Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2012 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2012 B Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this

Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

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

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2012 B Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2012 B Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2012 B Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer, 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 2012 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2012 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer 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 2012 B Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2012 B Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

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

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 2012 B Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2012 B Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2012 B Bonds from gross income for federal income tax purposes.

The Series 2012 B Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2012 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2012 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or 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 2012 B Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2012 B 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 2012 B Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2012 B Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. Prior to issuance of the Series 2012 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 B Bonds, this Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. 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 2012 B Bonds then Outstanding and affected thereby, 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 2012 B Bonds without the express written consent of the Holder of each Series 2012 B Bond so affected, nor reduce the percentage of Series 2012 B Bonds required for consent to any such modification or amendment.

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

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

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

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

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

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

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

Section 10.05. Failure to Present Bonds. Anything in this Resolution to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the

Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

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 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
700 Walnut Street, Suite 600
Cincinnati, Ohio 45202
Attention: Senior Vice President

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 2012 B Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements

contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 B Bonds and the Original Purchaser.

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

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

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

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

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

[*Signatures appear on following page(s)*]

Adopted this 26th day of November, 2012.

_____

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 26th day of November, 2012.

Dated this ____ day of _____, 2012.

[SEAL]

_____
Secretary

EXHIBIT A - SERIES 2012 B 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. BR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B 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 June 1 and December 1, in each year, beginning June 1, 2013 (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 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 _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Berkeley County Public Service District Water Revenue Bonds, Series 2012 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2012, 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 2012 B Bonds (as hereinafter defined); (iii) to pay capitalized interest; and (iv) to pay certain costs of issuance of the Series 2012 B Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on November 26, 2012, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on November 26, 2012 (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:

(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 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) 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"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000; and Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds"), dated December __, 2012, and issued in the original aggregate principal amount of $_____.

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 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 A 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 Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after December 1, 20__, are subject to redemption prior to maturity, on or after December 1, 20__, at the option of the Issuer, in whole or in part, on any Business Day, in order of maturity selected by the District and by lot within a maturity in multiples of $5,000, from any moneys

available for such purpose, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

(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

_____

* 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 2012 B 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 2012 B 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 and capitalized 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 2012 B 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: _____, 2012.

_____,
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: _____, 20__.

_____

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.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

WATER REVENUE BONDS, SERIES 2012 B
(BANK QUALIFIED)

BOND RESOLUTION

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[Form of Continuing Disclosure Certificate]

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE
$7,800,000*
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BONDS
SERIES 2012 B
(BANK QUALIFIED)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Berkeley County Public Service District ("District"), and is being delivered to Ross, Sinclaire & Associates, LLC (the "Underwriter") in connection with the issuance by the District of its $7,800,000* in aggregate original principal amount of its Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "2012 B Bonds"). The Underwriter is the initial purchaser of the 2012 B Bonds. The 2012 B Bonds are being issued pursuant to a Resolution enacted by the District on November 26, 2012 (the "Resolution"). Certain terms are defined in Section 10 hereof.

The District undertakes and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Bondholders and in order to assist the Underwriter in complying with the Rule.

SECTION 2. Annual Information and Audited Financial Statements. Subject to the provisions of Section 12 hereof, the District agrees to provide or cause to be provided to the MSRB through its Electronic Municipal Market Access (EMMA) system at http://emma.msrb.org in a format required by the MSRB:

(a) Annual Information for the preceding Fiscal Year not later than the Filing Date for each Fiscal Year; and

(b) Audited Financial Statements for the preceding Fiscal Year not later than the later of the Filing Date for each Fiscal Year or promptly after becoming available to the District.

Any or all of the items listed above may be included by specific reference to other documents; *provided, that* if the document included by reference is not a final official statement, it must have been provided previously to the MSRB or the Securities and Exchange Commission, and if the document included by reference is a final official statement, it must be available from the MSRB.

*Preliminary, subject to change.

SECTION 3. Notice of Listed Events and Failure to Provide Annual Information. The District agrees to provide or cause to be provided the following information to the MSRB, in a timely manner:

(a) notice of the occurrence of any of the Listed Events with respect to the 2012 B Bonds within ten (10) business days of the occurrence of such Listed Event; and

(b) notice of its failure to provide or cause to be provided the Annual Information on or before the applicable Filing Date.

Notwithstanding the foregoing, notice of Listed Events consisting of bond calls or defeasances need not be given pursuant to this Section 3 any earlier than the date on which notice of the underlying event is given to the registered owners of affected 2012 B Bonds pursuant to the Resolution, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event; is not required if the terms of the redemption pursuant to which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which 2012 B Bonds will be redeemed in the case of a partial redemption.

SECTION 4. Termination of Reporting Obligation. The obligations of the District pursuant to this Disclosure Certificate will terminate at such time as no 2012 B Bonds remain Outstanding (within the meaning of the Resolution), all of the 2012 B Bonds have been legally defeased, redeemed or paid in full or the Rule is no longer applicable to the 2012 B Bonds. The District will give prompt notice to the MSRB if this Section becomes applicable.

SECTION 5. Dissemination Agent. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations pursuant to this Disclosure Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The initial Dissemination Agent is the District.

SECTION 6. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived; if:

(a) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (within the meaning of the Rule) with respect to the 2012 B Bonds, or the type of business conducted;

(b) this Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of counsel of national reputation selected by the District and experienced in bond or Federal securities law, have complied with the requirements of the Rule at the time of the original issuance of the 2012 B Bonds, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by the registered owners of the 2012 B Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of registered owners of the 2012 B Bonds, or (ii) does not materially impair the interests of the Bondholders in the opinion of counsel of national reputation experienced in bond or Federal securities law unaffiliated with the District, but which may be selected by the District, or as determined by another party unaffiliated with the District, but which may be selected by the District.

SECTION 7: Additional Information. Nothing in this Disclosure Certificate will be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Information or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any such other information in any Annual Information or notice of the occurrence of any Listed Event or any other event, in addition to that which is specifically required by this Disclosure Certificate, the District will have no obligation pursuant to this Disclosure Certificate to update the information or include it in any future Annual Information or notice of the occurrence of any Listed Event.

SECTION 8. Failure to Perform. Any Bondholder may enforce the District's obligation to provide or cause to be provided information or notice pursuant to this Disclosure Certificate by commencing an action for specific performance in a court of competent jurisdiction to compel the District to provide or cause to be provided such information or notice; provided, however, that as a condition precedent to commencing any such action, a Bondholder must first provide at least thirty (30) days prior written notice to the District of its failure to perform, giving reasonable detail of such failure, following which notice the District will have 30 days to perform. Failure by the District to perform its obligations pursuant to this Disclosure Certificate will not be deemed an event of default with respect to the 2012 B Bonds or the Resolution or any other agreement or document and the sole remedy pursuant to this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate will be an action to compel performance.

SECTION 9. Beneficiaries. This Disclosure Certificate is solely for the benefit of the District and the Bondholders from time to time, and will create no rights in any other person or entity.

SECTION 10. Definitions. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms will have the following meanings:

(a) *"Annual Information"* means the financial information (which shall be based on financial *statements* prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the State, provided at least annually, of the type included in APPENDIX B, entitled "Audited Financial Statements for Fiscal Year Ended June 30, 2011," which Annual Financial information shall include Audited Financial Statements if available on the due date set forth herein, and, if not available, unaudited financial statements.

In addition to the information described above, (A) if any part of the Annual Information described in (1) can no longer be generated because the operations to which it relates have been materially changed or discontinued, the District will include a statement to that effect as part of the Annual Information for the year in which the change or discontinuation occurs, and (B) the Annual Information for the year in which any amendment or waiver of a provision of this Disclosure Certificate occurs will describe and explain the amendment or waiver, the reason for it and its impact on the type of information being provided, and if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made will present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(b) *"Audited Financial Statements"* means the audited annual Financial Statements of the State.

(c) *"Bondholder"* means a beneficial owner of a 2012 Bond, with beneficial ownership determined on a basis consistent with the provisions of Rule 13d-3 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or, if those provisions do not adequately address the situation in question (in the opinion of counsel of national reputation experienced in bond or Federal securities law selected by the District), with beneficial ownership determined on the basis of ownership for Federal income tax purposes. Any assertion of beneficial ownership must be established by evidence in writing with full documentary support filed with the District.

(d) *"Dissemination Agent"* initially means the District and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

(e) *"District"* means the Berkeley County Public Service District.

(f) *"Filing Date"* means not later than nine months following the end of each Fiscal Year, beginning March 31, 2013.

(g) *"Financial Statements"* means annual financial statements of the State prepared in conformity with generally accepted accounting principles as reflected in the governmental accounting standards promulgated from time to time by the Government Accounting Standards Board of the American Institute of Certified Public Accountants.

(h) *"Fiscal Year"* means each fiscal year of the District, commencing with the fiscal year that began July 1, 2012, and ends on June 30, 2013.

(i) *"Listed Events"* means any of the following events:

i) principal and interest payment delinquencies;

ii) non-payment related defaults, if material*;

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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material* notices or determinations with respect to the tax status of the 2012 B Bonds, or other material* events affecting the tax status of the 2012 B Bonds;

vii) modifications to rights of holders of the 2012 B Bonds, if material*;

* *"Materiality" will be determined in accordance with the applicable Federal securities laws.*

viii) bond calls, if material*, and tender offers;

ix) defeasances;

x) release, substitution, or sale of property securing repayment of the 2012 B Bonds, if material*;

xi) rating changes;

xii) bankruptcy, insolvency, receivership or a similar event of the District;

xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material*; and

xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material*.

(j) *"MSRB"* means the Municipal Securities Rulemaking Board.

(k) *"Official Statement"* means the final Official Statement dated December ___, 2012, with respect to the initial offering of the 2012 B Bonds.

(l) *"Participating Underwriter"* means each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the 2012 B Bonds, including Ross, Sinclaire & Associates, LLC.

(m) *"Rule"* means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, as applicable to the 2012 B Bonds.

(n) *"State"* means the State of West Virginia.

SECTION 11. Governing Law: Forum. This Disclosure Certificate will be governed by the law of the State. Any action to enforce this Disclosure Certificate against the District may be brought only in a State court located in Berkeley County, West Virginia.

* *"Materiality" will be determined in accordance with the applicable Federal securities laws.*

Dated: December __, 2012

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

By:_____
Chairman

NEW ISSUE - FULL BOOK ENTRY **RATING: Moody's "A3"**

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 2012 B 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; however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability, and (iii) under the laws of the State of West Virginia, the Series 2012 B 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 2012 B Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. In addition, the Series 2012 B Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (see "Tax Matters" herein).

$7,800,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED)

Dated: Date of Delivery **Due: As shown on inside front cover**

The Series 2012 B Bonds (the "Series 2012 B 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 2012 B Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2012 B Bonds, payments of the principal of and interest on the Series 2012 B 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 2012 B BONDS – Book-Entry Bonds" herein). The Series 2012 B Bonds are subject to redemption prior to maturity as more fully stated herein.

The Series 2012 B 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 acquisition or construction of additions, betterments and improvements to the existing waterworks of the District (see "THE PROJECT" herein); (ii) to pay capitalized interest; (iii) to fund the Series 2012 B Bonds Reserve Account; and (iv) to pay costs of issuance and related costs.

The Series 2012 B 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 2012 B Bonds Sinking Fund and the Series 2012 B Bonds Reserve Account established therefor. The Series 2012 B 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 2012 B Bonds, or any premium or the interest thereon, except from such net revenues and such funds on deposit for the Series 2012 B 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 2012 B Bonds. The District has no taxing powers.

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 2012 B Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2013. Principal of the Series 2012 B Bonds is payable annually as set forth on the inside cover page.

The Series 2012 B Bonds have been designated as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code.

The Series 2012 B 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 and Steptoe & Johnson PLLC, Charleston West Virginia as disclosure counsel to the District. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia as counsel to the Underwriter.

It is expected that the Series 2012 B Bonds will be available for delivery at DTC, New York, New York, on or about December 20, 2012.

Dated: December 13, 2012

R | S | A

Ross, Sinclaire & Associates, LLC

$7,800,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS,
SERIES 2012 B (BANK QUALIFIED)

MATURITY SCHEDULE

SERIES 2012 B SERIAL BONDS

Maturity Date	Amount	Interest Rate	Price	Yield	CUSIP No.**
12/01/2028	$ 935,000	3.125%	98.452%	3.250%	084246GQ4
12/01/2029	$1,220,000	3.125%	97.741%	3.300%	084246GR2
12/01/2030	$1,260,000	3.125%	96.982%	3.350%	084246GS0
12/01/2031	$1,295,000	3.250%	97.916%	3.400%	084246GT8
12/01/2032	$1,340,000	3.250%	97.131%	3.450%	084246GU5

SERIES 2012 B TERM BONDS

$50,000 1.000% Series 2012 B Term Bond due December 1, 2014 at Price of 100.000%, CUSIP** 084246GV3
$50,000 1.350% Series 2012 B Term Bond due December 1, 2016 at Price of 100.000%, CUSIP** 084246GW1
$50,000 2.000% Series 2012 B Term Bonds due December 1, 2018 at Price of 101.632%, CUSIP** 084246GX9
$315,000 2.000% Series 2012 B Term Bonds due December 1, 2020 at Price of 99.271%, CUSIP** 084246GY7
$325,000 2.500% Series 2012 B Term Bonds due December 1, 2022 at Price of 99.301%, CUSIP** 084246GZ4
$360,000 3.000% Series 2012 B Term Bonds due December 1, 2024 at Price of 100.513%, CUSIP** 084246HA8
$600,000 3.000% Series 2012 B Term Bonds due December 1, 2027 at Price of 98.221%, CUSIP** 084246HB6

** 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 Bonds and neither the Underwriter nor the District 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.

THE SERIES 2012 B BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES 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 District, 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 District.

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 2012 B 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 2012 B 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 SECURITIES 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.

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

PUBLIC SERVICE BOARD

Gregory Rhoe, Chairman
Calvin Bruce Dorsey, Vice Chairman
D. Wayne Dunham, Secretary
Ruby Kern, Treasurer
Lynn Leatherman, 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

FINANCIAL ADVISOR

Southwest Securities Inc.
Lexington, Kentucky

UNDERWRITER

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

UNDERWRITER'S COUNSEL

Jackson Kelly PLLC
Charleston, West Virginia

DISCLOSURE COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

OFFICIAL STATEMENT
relating to

$7,800,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS,
SERIES 2012 B (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 (the "System") and the District's Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Series 2012 B Bonds"). The Series 2012 B 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 November 26, 2012 (collectively, the "Resolution").

The Series 2012 B Bonds are being issued to (i) to finance the costs of acquisition or construction of additions, betterments and improvements to the System (the "Project") (see "THE PROJECT" herein); (ii) to pay capitalized interest; (iii) to fund the Series 2012 B Bonds Reserve Account; and (iv) to pay costs of issuance 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 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) 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"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; and (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (collectively, the "Prior Issued Bonds"). In addition to the Prior Issued Bonds, on November 28, 2012, the District sold its $7,425,000 Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds"), to refund, on December 20, 2012, the District's currently outstanding Water Revenue Bonds, Series 2004, and expects to close on the Series 2012 A Bonds on December 19, 2012. The Prior Issued Bonds together with the Series 2012 A Bonds are collectively referred to herein as the "Prior Bonds." The resolutions pursuant to which the Prior Bonds were issued are hereinafter collectively called the "Prior Resolutions."

The Series 2012 B 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 2012 B Bonds Sinking Fund and the Series 2012 B Bonds Reserve Account.

There are outstanding obligations of the District which are designated and have lien positions with respect to the Capacity Improvement Fees of the District 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 $12,000,000 (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 System, the proceeds of the bonds to be subsequently issued by the District to permanently finance the improvements paid for with the proceeds of the Series 2007 Notes, Surplus Revenues of the System and certain funds and accounts related to the Series 2007 Notes, as set forth in resolution pursuant to which the Series 2007 Notes were issued, and are not payable by the Net Revenues of the System. The Series 2007 Notes do not have a lien on the Net Revenues of the District. **The Capacity Improvement Fees ARE NOT considered a part of the Net Revenues of the System.** The current status of the Capacity Improvement Fees is discussed herein. See "STATUS OF CAPACITY IMPROVEMENT FEES AND IMPACT ON SERIES 2007 NOTES."

The Series 2012 B 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 2012 B Bonds, or any premium (if any), or the interest thereon, except from such Net Revenues and such funds on deposit for the Series 2012 B 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 2012 B Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from Net Revenues on a parity with the Series 2012 B Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2012 B BONDS - Rate Covenant."

The District may issue additional bonds on a parity with the Series 2012 B 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 2012 B Bonds, the Prior Bonds and any such additional parity bonds are sometimes hereinafter referred to as the "Bonds"). See "SECURITY FOR THE SERIES 2012 B BONDS - Additional Parity Bonds."

Brief descriptions of the Series 2012 B Bonds, the Resolution, the Project, 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 2012 B 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 2012 B Bonds	$7,800,000.00
TOTAL	$7,800,000.00
Uses of Funds	
Net Original Issue Discount	$158,072.10
Underwriter's Discount	$51,237.50
Costs of Issuance	$117,000.00
Deposit to Debt Service Reserve Fund	$738,997.13
Deposit to Capitalized Interest Fund	$106,329.88
Deposit to Construction Fund	$6,628,363.39
TOTAL	$7,800,000.00

THE PROJECT

The Project will consist of the following additions, betterments and improvements: (i) well pumps with electrical/control systems at its Potomac Station Well Field and new twelve-inch and sixteen-inch raw water main from the Potomac Station Well Field to the existing Potomac River Water Treatment Plant, increasing by 2.0 million gallons per day the source water available for treatment and distribution, (ii) an operations center on property owned in Berkeley County, West Virginia, and (iii) sixteen-inch and twenty-four-inch water mains along U.S. Route 11 located in Berkeley County, West Virginia.

THE SERIES 2012 B BONDS

General

Interest on the Series 2012 B Bonds will accrue from the date of delivery and will be payable June 1, 2013 and semi-annually thereafter (each December 1 and June 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 2012 B Bonds will be available to individual purchasers in book-entry form only. Purchasers of the Series 2012 B Bonds will not receive certificates representing their interests in the Series 2012 B Bonds purchased.

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.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information contained on this Internet site is not incorporated herein by reference.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

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.

Optional Redemption

The Series 2012 B Bonds maturing on and after December 1, 2024, are subject to redemption prior to maturity, on or after December 1, 2022, at the option of the Issuer, in whole or in part, on any Business Day, in order of maturity selected by the District and by lot within a maturity in multiples of $5,000, from any moneys available for such purpose, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

Unless waived by any holder of the Series 2012 B Bonds to be redeemed, notice of any redemption of Series 2012 B Bonds shall be given by the Registrar, on behalf of the District, to registered owners of the Series 2012 B 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 Series 2012 B Bonds and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2012 B 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 Series 2012 B Bonds having been deposited, the Series 2012 B 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 2012 B Bonds maturing on December 1, 2014, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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, 2013 and December 1, 2014, in annual principal amounts as follows:

Year	Amount
2013	$25,000
2014 (Final Maturity)	$25,000

The Series 2012 B Bonds maturing on December 1, 2016, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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, 2015 and December 1, 2016, in annual principal amounts as follows:

Year	Amount
2015	$25,000
2016 (Final Maturity)	$25,000

The Series 2012 B Bonds maturing on December 1, 2018, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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, 2017 and December 1, 2018, in annual principal amounts as follows:

Year	Amount
2017	$25,000
2018 (Final Maturity)	$25,000

The Series 2012 B Bonds maturing on December 1, 2020, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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 December 1, 2020, in annual principal amounts as follows:

Year	Amount
2019	$155,000
2020 (Final Maturity)	$160,000

The Series 2012 B Bonds maturing on December 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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, 2021 and December 1, 2022, in annual principal amounts as follows:

Year	Amount
2021	$160,000
2022 (Final Maturity)	$165,000

The Series 2012 B Bonds maturing on December 1, 2024, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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, 2023 and December 1, 2024, in annual principal amounts as follows:

Year	Amount
2023	$170,000
2024 (Final Maturity)	$190,000

The Series 2012 B Bonds maturing on December 1, 2027, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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, 2025, December 1, 2026 and December 1, 2027, in annual principal amounts as follows:

Year	Amount
2025	$190,000
2026	$200,000
2027 (Final Maturity)	$210,000

The principal amount of Series 2012 B Bonds maturing December 1, 2014, December 1, 2016, December 1, 2018, December 1, 2020, December 1, 2022, December 1, 2024, and December 1, 2027, delivered to or purchased by the Paying Agent shall reduce pro tanto the principal amount of Series 2012 B Bonds to be redeemed on the mandatory redemption date with such maturity next following such delivery or purchase.

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

SECURITY FOR THE SERIES 2012 B BONDS

The Series 2012 B 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 2012 B Bonds except from said sources. The District has no taxing powers.

Sources of Payment

The payment of the debt service on the Series 2012 B 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 2012 B 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 2012 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 B 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 2012 B Bonds Reserve Account in an amount equal to the Series 2012 B Bonds Reserve Requirement. The "Series 2012 B Bonds Reserve Requirement" is defined under the Resolution as the lesser of (i) 10% of the original stated principal amount of the Series 2012 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2012 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2012 B Bonds.

Moneys in the Series 2012 B Bonds Reserve Account shall be used only to pay principal of and interest on the Series 2012 B Bonds as due, when amounts in the Series 2012 B Bonds Sinking Fund are insufficient therefor; provided, that no payments shall be required to be made into the Series 2012 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 B Bonds Reserve Requirement. The District is required to restore any withdrawals from the Series 2012 B 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 2012 B 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 ½% 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 2012 B Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2012 B Bonds on the next ensuing semiannual interest payment date, and (iii) for monthly deposit in the Series 2012 B 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 2012 B 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 Funds in an amount which shall be reduced by any earnings credited to the Sinking Funds, 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 2012 B 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 2012 B 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 Public Service Commission of West Virginia (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 2012 B 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 (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.

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 District 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 District shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in 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.

THE SYSTEM

History and Development

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 PSC in 2001. The District conducts business under the name "Berkeley County Public Service Water District."

The District currently has a capacity to pump 7,093,346 gallons of water per day. The average daily usage from all sources as of June 30, 2012 is 4,082,086 gallons per day, leaving 2,611,620 gallons of unused capacity. The District uses three water treatment processes: diatomaceous earth filtration (Bunker Hill Plant), up flow clarification with filtration (Hedgesville Plant) and conventional treatment with membrane filtration (Potomac River Plant).

The District's water supply is provided by the Potomac River, LeFever and Ben Speck Springs, Baker Lakes, Springdale, Morning Dove and Glenwood Forest Wells. The Potomac River, pursuant to a permit from the State of Maryland, yields on average 2,368,166 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 3,594,000 gallons, bringing the maximum gallons available daily to 7,594,000 as depicted below.

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Water Source	Maximum Gallons Yielded Daily	Percentage
Potomac River	4,000,000	52.68%
LeFever Spring	1,783,000	23.48%
Morning Dove Wells (2)	336,000	4.42%
Glenwood Forest Wells (4)	86,000	1.13%
City of Martinsburg	1,000,000	13.17%
Springdale Farm Well	146,000	1.92%
Ben Speck Spring	200,000	2.63%
Baker Lakes Well	43,000	0.57%
Total Gallons Available:	7,594,000	100.00%

As of June 30, 2012, the District had 20,225 customers, of which 19,079 are residential (94.33%), 920 are commercial (4.55%), 23 are industrial (0.11%), 44 are public authorities (0.22%) and 159 are fire protection customers (0.79%). 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 District's 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 Expires	Occupation
Gregory Rhoe, Chairman	06/30/2013	Corporate Controller
Calvin Bruce Dorsey, Vice Chairman	07/02/2015	Retired
D. Wayne Dunham, Secretary	07/02/2015	Retired
Ruby Kern, Treasurer	06/23/2017	Retired
Lynn Leatherman, Parliamentarian	06/02/2017	Businessman

The Board employs an Executive Director for the System and other personnel and consultants. Paul S. Fisher has served as Executive Director for more than 11 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 50 full-time employees and 2 part-time employees.

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.

Summary of Capital Improvement Plan

The District anticipates the need to perform certain capital improvement and expansion projects, to be completed over the next 3 years, in order to adequately serve the existing customer base as well as have the ability to meet future demands of the System. The plan calls for approximately $9,683,924 in estimated construction costs for various projects over the next 3 years. A more detailed description, which includes the Project, is listed in the table below:

Project Description	Estimated Amount
Fiscal Year Ending June 30, 2013	
Berkeley Station: 1.4 miles of 16", 24" & 30" Water Main	$2,704,000
Administrative Offices/ Maintenance Facility	4,134,000
Potomac Station Raw Water Main & Pumps	1,809,000
Various Upgrades	351,800
Sub-Total:	**$8,998,800**
Fiscal Year Ending June 30, 2014	
Various Upgrades	$350,100
Fiscal Year Ending June 30, 2015	
Various Upgrades	$335,024
Three Year Grand Total:	**$9,683,924**

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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, 2008 Customer Count	June 30, 2008 Change (%)	June 30, 2009 Customer Count	June 30, 2009 Change (%)	June 30, 2010 Customer Count	June 30, 2010 Change (%)	June 30, 2011 Customer Count	June 30, 2011 Change (%)	June 30, 2012 Customer Count	June 30, 2012 Change (%)
Residential	18,018	3.50%	18,278	1.44%	18,822	2.98%	18,822	0.00%	19,079	1.37%
Commercial	904	5.12%	918	1.55%	917	-0.11%	917	0.00%	920	0.33%
Industrial	23	-20.69%	25	8.70%	23	-8.00%	23	0.00%	23	0.00%
Public Authorities	41	-8.89%	42	2.44%	42	0.00%	43	2.38%	44	2.32%
Fire Protection	131	8.26%	140	6.87%	142	1.43%	149	4.93%	159	6.71%
Totals:	19,117	3.54%	19,403	1.50%	19,946	2.80%	19,961	0.08%	20,225	1.32%

** Miscellaneous Uses for water not included (ex: Bulk hauling, fire protection, etc.);*

Source: Berkeley County Public Service District; PSC Report FY 06/30/12

The following table sets forth the ten (10) largest customers of the District and the percentage of total consumption as of June 30, 2012:

Customer Name	Gallons	Percentage
Quad Graphics, Inc	80,411,200	5.90%
Ecolab	33,952,800	2.49%
IRS Facility	29,771,300	2.18%
WV Regional Jail	22,769,000	1.67%
WV Air National Guard	12,276,000	0.90%
Guardian Fiberglass	11,074,000	0.81%
Virginia Honey Company	6,949,200	0.51%
World Color Martinsburg	6,770,000	0.50%
AllMine Paving LLC	6,754,000	0.50%
Shenandoah Village	6,686,500	0.49%
Totals:	217,414,000	15.95%

The table and chart below depicts the amount of gallons sold for the District, for the last 5 fiscal years.

Customer Description	June 30, 2008 Gallons* Sold	June 30, 2008 Change (%)	June 30, 2009 Gallons* Sold	June 30, 2009 Change (%)	June 30, 2010 Gallons* Sold	June 30, 2010 Change (%)	June 30, 2011 Gallons* Sold	June 30, 2011 Change (%)	June 30, 2012 Gallons* Sold	June 30, 2012 Change (%)
Residential	926,022	4.33%	881,187	-4.84%	876,444	-0.54%	906,580	3.44%	888,919	-1.95%
Commercial	312,427	-4.30%	298,086	-4.59%	283,412	-4.92%	286,708	1.16%	291,817	1.78%
Industrial	193,215	8.30%	167,534	-13.29%	138,136	-17.55%	151,093	9.38%	145,703	-3.57%
Public Authorities	25,427	18.48%	21,788	-14.31%	22,119	1.52%	25,651	15.97%	22,818	-11.04%
Totals:	1,457,091	3.06%	1,368,595	-6.07%	1,320,111	-3.54%	1,370,032	3.78%	1,349,257	-1.12%

** Gallons are in thousands per year.*

Source: Berkeley County Public Service District; PSC 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	2,000 Gallons Used per Month	$8.95 per 1,000 Gallons
Next	88,000 Gallons Used per	$5.80 per 1,000 Gallons
Over	90,000 Gallons Used per	$4.10 Per 1,000 Gallons

Minimum Charge

5/8 Inch Meter	$17.90	Per Month
1 Inch Meter	$44.75	Per Month
1 ½ 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

The table below lists the water rates for General Domestic, Commercial and Industrial Customers, which will go into effect upon substantial completion of the Project, anticipated to occur in the spring of 2013:

First	2,000 Gallons Used per Month	$9.07 per 1,000 Gallons
Next	88,000 Gallons Used per	$5.88 per 1,000 Gallons
Over	90,000 Gallons Used per	$4.16 Per 1,000 Gallons

Minimum Charge

5/8 Inch Meter	$18.14	Per Month
1 Inch Meter	$45.35	Per Month
1 ½ Inch Meter	$90.70	Per Month
2 Inch Meter	$145.12	Per Month
3 Inch Meter	$290.24	Per Month
4 Inch Meter	$453.50	Per Month
6 Inch Meter	$907.00	Per Month
8 Inch Meter	$1,451.20	Per Month

Fire Hydrants; Private Fire Private Protection; Hose Fire Hydrants, each $128.62 per hydrant per year, payable annually. Private Fire Protection Sprinkler systems shall pay $128.62 per year, plus $0.43 per sprinkler head, payable annually.

Hose Connections for fire use only $74.38 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: $0.68 per 1,000 gallons

Returned Check Charge: $25.00

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.

This table and chart depict the operating revenues of the District for the last 5 fiscal years.

Customer Description	June 30, 2008 Operating Revenues	June 30, 2008 Change (%)	June 30, 2009 Operating Revenues	June 30, 2009 Change (%)	June 30, 2010 Operating Revenues	June 30, 2010 Change (%)	June 30, 2011 Operating Revenues	June 30, 2011 Change (%)	June 30, 2012 Operating Revenues	June 30, 2012 Change (%)
Residential	6,511,145	2.22%	6,464,646	-0.71%	6,721,688	3.98%	6,989,577	3.99%	6,753,061	-3.38%
Commercial	1,653,920	-3.21%	1,651,274	-0.16%	1,606,149	-2.73%	1,639,866	2.10%	1,632,728	-0.43%
Industrial	704,188	11.70%	632,563	-10.17%	601,365	-4.93%	659,048	9.59%	622,693	-5.59%
Public Authorities	137,176	18.21%	127,517	-7.04%	134,159	5.21%	147,968	10.29%	131,278	-11.28%
Fire Protection	126,879	7.28%	129,747	2.26%	135,176	4.18%	137,387	1.64%	143,381	4.36%
Totals:	9,133,308	2.13%	9,005,747	-1.40%	9,198,537	2.14%	9,573,846	4.08%	9,283,141	-3.07%

Source: Berkeley County Public Service District; PSC Report FY 06/30/12

The District has covenanted to diligently enforce and collect all fees and charges as described in "SECURITY FOR THE SERIES 2012 B 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, 2012 (See "APPENDIX B - Audited Financial Statement for Fiscal Year Ended June 30, 2012.")

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 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 in the past 10 years times the number of years for which they were employed as a participant in the 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 $2,088,564 for the year ended June 30, 2012.

Employees of the District are required to pay 4.5% of their gross earnings to the pension plan. In year ended June 30, 2012, the District made an annual contribution to the plan equal to 14.5% of its covered payroll. Total contributions made during the fiscal year ended June 30, 2012 amounted to $302,719, of which $87,887 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 PSC.

Description	Audited Financials 6/30/2010	Audited Financials 6/30/2011	Audited Financials 6/30/2012
Operating Revenues	$9,723,924	$10,100,940	$9,790,750
Operating Expenses: Operation and Maintenance Expenses	5,021,872	5,272,926	5,340,489
Depreciation Expenses	3,060,269	3,608,074	3,663,101
Total Operating Expenses	8,082,141	8,881,000	9,003,590
Operating Income	1,641,783	1,219,940	787,160
Non-Operating Income: Interest and Dividend Income	84,638	75,695	39,369
Non-Operating Expenses: Interest on Long Term Debt	2,319,191	2,954,156	2,874,989
Amortization of Debt Discount and Expense	170,539	134,257	134,257
(Gains) Losses from Disposition of Property	(10,067)	(13,760)	(5,877)
Total Non-Operating Expenses	2,479,663	3,074,653	3,003,369
Income (loss) before capital contributions	(753,242)	(1,779,018)	(2,176,840)
Capital Contributions	2,085,833	1,365,511	1,668,297
NET INCOME (LOSS)	$1,332,591	($413,507)	($508,543)

Source: Berkeley County Public Service District Audited Financial Statements and PSC reports.

Annual Debt Service Requirements

The following tables sets forth for each fiscal year during which the Series 2012 B Bonds will be outstanding and the estimated amounts payable from Net Revenues as principal of and interest on the Series 2012 B Bonds and the Prior Bonds.

Debt Service for Series 2012 B Bonds

FY Ending June 30	Principal Portion	Interest Portion	LESS: DSRF & Cap. Int.	Total Payments	FY Ending June 30
2013		$106,330	($106,330)	$0	2013
2014	$25,000	$237,631		$262,631	2014
2015	$25,000	$237,381		$262,381	2015
2016	$25,000	$237,088		$262,088	2016
2017	$25,000	$236,750		$261,750	2017
2018	$25,000	$236,331		$261,331	2018
2019	$25,000	$235,831		$260,831	2019
2020	$155,000	$234,031		$389,031	2020
2021	$160,000	$230,881		$390,881	2021
2022	$160,000	$227,281		$387,281	2022
2023	$165,000	$223,219		$388,219	2023
2024	$170,000	$218,606		$388,606	2024
2025	$190,000	$213,206		$403,206	2025
2026	$190,000	$207,506		$397,506	2026
2027	$200,000	$201,656		$401,656	2027
2028	$210,000	$195,506		$405,506	2028
2029	$935,000	$177,747		$1,112,747	2029
2030	$1,220,000	$144,075		$1,364,075	2030
2031	$1,260,000	$105,325		$1,365,325	2031
2032	$1,295,000	$64,594		$1,359,594	2032
2033	$1,340,000	$21,775	($738,997)	$622,778	2033
Totals	$7,800,000	$3,992,752	($845,327)	$10,947,425	Totals

Total Cumulative Debt Service

FY Ending June 30	Series 2012 B Payments	Principal Portion	Interest Portion	LESS: Reserve Account	Total Payments
2012		$1,261,136	$2,373,802	$0	$3,634,938
2013	$0	$1,305,430	$2,238,839	$0	$3,544,269
2014	$262,631	$1,460,925	$2,119,028	$0	$3,842,584
2015	$262,381	$1,507,697	$2,073,585	$0	$3,843,663
2016	$262,088	$1,555,829	$2,024,027	$0	$3,841,944
2017	$261,750	$1,610,405	$1,969,886	$0	$3,842,040
2018	$261,331	$1,671,518	$1,910,156	$0	$3,843,005
2019	$260,831	$1,739,262	$1,844,436	$0	$3,844,529
2020	$389,031	$1,818,748	$1,775,438	($173,666)	$3,809,551
2021	$390,881	$1,725,081	$1,707,221	$0	$3,823,183
2022	$387,281	$1,793,380	$1,639,198	$0	$3,819,859
2023	$388,219	$1,863,771	$1,567,077	$0	$3,819,068
2024	$388,606	$2,136,389	$1,485,924	($194,990)	$3,815,930
2025	$403,206	$2,771,385	$1,384,698	($742,500)	$3,816,790
2026	$397,506	$2,149,140	$1,276,272	$0	$3,822,919
2027	$401,656	$2,249,087	$1,170,942	$0	$3,821,685
2028	$405,506	$2,356,375	$1,059,476	$0	$3,821,357
2029	$1,112,747	$2,476,159	$941,878	($712,081)	$3,818,703
2030	$1,364,075	$1,618,610	$839,234	$0	$3,821,919
2031	$1,365,325	$1,703,904	$752,333	$0	$3,821,562
2032	$1,359,594	$1,842,234	$659,362	($43,799)	$3,817,391
2033	$622,778	$2,648,723	$560,579	($751,218)	$3,080,862
2034		$2,037,957	$418,301	$0	$2,456,258
2035		$2,130,554	$327,751	$0	$2,458,305
2036		$2,268,602	$231,841	($46,714)	$2,453,729
2037		$2,325,415	$131,773	$0	$2,457,188
2038		$1,541,529	$47,706	$0	$1,589,235
2039		$117,997	$10,663	$0	$128,660
2040		$124,841	$3,620	($132,083)	($3,622)
Totals		$51,812,084	$34,545,046	($2,797,051)	$94,507,504

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 2012 B Bonds and all other obligations secured by a lien or payable from such revenues prior to or on a parity with the Series 2012 B Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2012 B BONDS -- Rate Covenant" herein.

Upon reviewing the District's financial statements for the fiscal year ending June 30, 2012, an independent certified public accountant found that the District Did Not meet the rate coverage requirements of the Prior Bonds which contain a 120% coverage requirement. Certain of the Prior Bonds contain a 115% coverage requirement which was met.

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 2012 B Bonds and the Prior Bonds.

The table below lists the coverage amounts for fiscal year ending June 30, 2010-2012 and projected 2013.

Description	Audited Financials 6/30/2010	Audited Financials 6/30/2011	Audited Financials 6/30/2012	Projected Financials
Net Available for Debt Service	$4,796,757	$4,955,118	$4,489,630	$4,489,630
Maximum Annual Debt Service Requirements (All Bonds)	$3,913,205	$3,913,205	$3,913,205	$3,587,354
Coverage Ratio	123%	125%	115%	125%

Source: Berkeley County Public Service District Audited Financial Statements; CoxHollidaPrice LLP Certified Public Accountants.

INVESTMENT CONSIDERATIONS

The Public Service Commission of West Virginia

In West Virginia, public service districts are subject to regulatory oversight by the Public Service Commission of West Virginia (the "Commission"). Pursuant to Chapter 16, Article 13A of the West Virginia Code, public service districts must seek Commission approval for most actions. Moreover, pursuant to West Virginia Code Section 24-2-11, for projects that are outside of "the usual course of business," all utilities, including public service districts, must obtain a certificate of public convenience and necessity prior to proceeding to construction. As well, public service districts need Commission approval to increase rates. Accordingly, public service districts in West Virginia do not have the ability to adjust rates without Commission approval. Such regulatory approval process may delay the implementation of rate increases, which could cause the District to fail to meet rate covenants.

The Commission has two levels of review. Most cases are initially assigned to an administrative law judge ("ALJ") for decision. The Commission employs a "staff" comprised of engineers, lawyers, and financial analysts (the "Staff") to review cases and make recommendations. The District is also permitted to make recommendations, as are other parties who are granted "intervenor" status. The ALJ may conduct an evidentiary hearing, at which evidence is presented and witnesses for all parties may be cross-examined, after which a recommended decision is issued. Any party to the underlying proceeding, including a party granted intervenor status, may take exception to the recommended decision of the ALJ, in which case the matter is referred to the full Commission for decision.

The Commission is comprised of three individuals appointed by the Governor, and confirmed by the State Senate, for staggered six-year terms. West Virginia Code Section 24-1-3 provides that one of the Commissioners must be a lawyer licensed in West Virginia. The current composition of the Commission may be found at http://www.psc.state.wv.us/Bios/default.htm. The Commission also employs lawyers and financial analysts who work specifically for the Commission, and are distinctly separate from the Staff.

Commission Regulatory Oversight of Rate Increases

Pursuant to West Virginia Code Sections 24-2-1, 24-2-2, 24-2-3, 24-2-4a the District can file with the Commission a proposed tariff that includes increased rates. Prior to filing a tariff with increased rates, West Virginia Code Section 24-2-3a requires the District to provide the Commission with 30 days notice of its intent to file the same. After expiration of the 30-day notice of intent period, the District may file a proposed tariff with the Commission that includes increased rates. Pursuant to West Virginia Code Section 24-2-4a, the District's proposed tariff can take effect no sooner than 30 days after the proposed tariff is filed. However, West Virginia Code Section 24-2-4a also provides that the Commission may suspend the proposed tariff prior to its effective date. In most instances, the Commission will not allow the proposed tariff to take effect and it will enter an order suspending the tariff. Depending on the size of the utility, the suspension period can range from a minimum of 120 days to a maximum of 270 days. Because the District serves more than 20,000 customers, the suspension period applicable to it is 270 days from the effective date of the proposed tariff.

Once a proposed tariff has been suspended, the Commission or the presiding ALJ will establish a procedural schedule. This schedule will include a due date for Staff to file its financial analysis and recommended rates. The schedule may also include a due date for written testimony (direct and rebuttal) to be filed by the District, Staff, and any intervenors. If there is a disagreement among the parties regarding any issue in the case, the Commission or the presiding ALJ will usually set the matter for hearing. After the hearing, the parties may submit briefs in support of their position(s). Ultimately, the Commission or presiding ALJ will issue a decision prior to the end of the applicable suspension period that establishes the District's new rates.

Potential Delays in Effective Date of Rates

As explained above, at a minimum, the amount of time required to obtain Commission approval of increased rates is 330 days. In reality, however, the District is not likely to realize increased revenues for at least 13 months after filing for a rate increase. This is because it takes at least 60 days for the District's books to be closed and for a financial exhibit to be prepared to support the proposed increased rates. Moreover, from the date the new rates begin to be charged, the District will not begin collecting increased revenues for approximately 45 to 60 days. The foregoing creates a situation whereby the increased rates for the District are not timely and are inadequate on the date they go into effect.

A final decision of the Commission may be appealed to the Supreme Court of Appeals of West Virginia, which court has no statutory time frame within which to render a decision. While a party does have the right to appeal a Commission decision, the Supreme Court of Appeals of West Virginia has "'previously held, in deference to the Commission's expertise, that the Court will not substitute [its] judgment for that of the Commission on controverted evidence. However, findings of fact made by the Commission will be overturned as clearly wrong when there is no substantial evidence to support them.'" *Jefferson Utils., Inc. v.*

Pub. Serv. Comm'n of W. Va., 227 W. Va. 589, 595, 712 S.E.2d 498, 504 (2011) (quoting *Chesapeake and Potomac Tel. Co. of W. Va. v. Pub. Serv. Comm'n of W. Va.*, 171 W. Va. 494, 498, 300 S.E.2d 607, 611 (1982)). In other words, the court gives extreme deference to decisions of the Commission. Commission-approved rates may be charged (provided that the applicable suspension period has ended) during an appeal to the Supreme Court of Appeals of West Virginia. If the appealing party prevails and new rates are established by the court, the new rates apply prospectively.

Resale customers are required to obtain authorization from the Commission for any necessary increase in resale rates. Traditionally, such increases are sought by resale customers after the rates for the selling utility go into effect, which means no assurance exists that resale customers will have sufficient rates to begin paying the increased resale rates as of the effective date. As a result, resale customers may not be in a position to begin charging the new resale rates as soon as the rates go into effect, which ultimately affects the ability of resale customers to remain current with the selling utility.

Test Year

To support proposed increased rates, the regulations of the Commission require the District to file "financial justification" for the proposed increased rates. This financial justification must be based on financial data from the most recent actual audited or finally closed 12-month period, also known as a "test year." Events that occur outside the test year are not generally permitted in the rate adjustment. Thus, a determination at the end of any 12-month period that a rate increase is necessary may not result in increased rates and collections for eight months or more from the end of that period.

Reliance on "Known and Measurable" Adjustments

When considering adjustments to the rates of a utility for costs occurring during the test year, the Commission's regulations require that the need for, and amount of, such adjustments be based on information that is "known and measurable." As a result, a change in revenues or expenses must, in most cases, have occurred in the test year being analyzed. If an increase in a cost, or a decline in revenue, is anticipated for the coming year, the Commission generally will not take such change into account for ratemaking purposes. By way of example, even if a utility can demonstrate a consistent year-over-year drop in customers, the Commission generally will not allow rates to include consideration of continuing declines in revenue because the anticipated decline is not known and measurable.

As a result of the requirement that the support for adjustments be "known and measurable," the Commission will generally not allow multi-year rate increases to address anticipated inflation or drops in customer usage. As a result, the District must file a tariff with proposed increased rates whenever increased costs or decreased revenues necessitate a rate increase.

Emergency Rate Increase

West Virginia Code Section 24-2-4a permits the District to request "emergency rates" if it is in "financial distress." Financial distress has been defined by the Commission to mean the utility is unable to pay operation and maintenance expenses and the principal and interest on the utility's debt obligations. Such rates, however, are subject to refund, in the event the Commission determines that the emergency rates, or any portion thereof, are not warranted. Generally, emergency rates CANNOT be obtained to meet coverage requirements in bond documents.

Treatment of Renewal and Replacement Funds

Funding agencies in West Virginia require public service districts, pursuant to the terms of their outstanding bonds, to deposit 2.5% of gross revenues in a "Renewal and Replacement Fund" or "Depreciation Account" each month. The purpose of this account is to provide monies for capital repairs and improvements, to construct extensions, and to make up the difference in the reserve funds. In recent years, the Commission has taken the position that while the deposits should be made into the account each month,

such deposits are to be included in the calculation of the District's funds available for capital additions for the year. The Commission generally calculates funds available for capital additions by averaging capital additions for the last five years; provided, however, the Commission will consider a different calculation if the utility can demonstrate the need for a higher capital requirement. As a result, the District is not permitted to accumulate funds to be used for unforeseen capital repairs and replacements, for needed extensions, or to replenish draws from the reserve funds as the account is to be utilized each year as part of the ongoing capital expenditures for the system. The District's inability to maintain funds for emergencies increases the likelihood of the District utilizing current revenues to pay for emergency repairs leaving insufficient funds to pay debt service on the Bonds.

STATUS OF CAPACITY IMPROVEMENT FEES AND IMPACT ON SERIES 2007 NOTES

On August 12, 2005, the Commission, in Case Number 04-1767-PWD-T, approved the request of the District for a graduated Capacity Improvement Fee to be included in the District's Tariff. The Commission previously approved such Capacity Improvement Fees for two other utilities, Berkeley County Public Service Sewer District and Jefferson County Public Service District, in Case Numbers 03-1490-PSD-T-PC and 04-0153-PSD-T, respectively.

On February 8, 2007, the District issued its Bond Anticipation Notes, Series 2007, in the original aggregate principal amount of $20,000,000 (the "Series 2007 Notes"). The Series 2007 Notes are secured by a pledge of the Capacity Improvement Fees, Surplus Revenues of the System, proceeds of bonds to be subsequently issued by the District to refinance the Series 2007 Notes and monies on deposit in the Construction Fund for the Series 2007 Notes, the Series 2007 Notes Sinking Fund and the Series 2007 Notes Reserve Account. The issuance of the Series 2007 Notes was approved by order of the Commission in Case Number 06-0375-PWD-CN dated November 20, 2006.

The Series 2007 Notes were placed with a financial institution for investment in its own account. The Series 2007 Notes mature on February 1, 2014 and bear interest at 4.25%. Semi-annual payments of interest are required on February 1 and August 1 of each year. The Series 2007 Notes can be redeemed in whole at any time, or in part on any interest payment date, on and after February 1, 2009 without penalty, if any partial redemption must be made in amounts not less than $50,000.

The Series 2007 Notes are currently outstanding in the total aggregate principal amount of $12,000,000. The Capacity Improvement Fee Fund currently has approximately $417,598 on deposit. The District is required to obtain the prior consent of the Commission to use monies in the Capacity Improvement Fee Fund. The District plans to file a request with the Commission for approval to use monies in the Capacity Improvement Fee Fund to pay interest on the Series 2007 Notes.

On May 9, 2012, the Commission entered an order in Case No. 09-0961-PSWD-GI (the "Order") discontinuing the District's Capacity Improvement Fee. The Commission determined that the District did not demonstrate that the District's capacity will be depleted within seven years or less. The Order specifically rejected any "refund" of the Capacity Improvement Fees collected prior to the date of entry of the Order. In the Order, the Commission specifically recognized that the discontinuance of the Capacity Improvement Fees "may necessitate the filing of rate proceeding(s) by the District." The District is planning to file a request for a rate increase sufficient to make the remaining payments on the Series 2007 Notes, and to issue long-term debt obligations to pay the Series 2007 Notes in full prior to the maturity thereof.

On September 5, 2012, Larry V. Faircloth Realty, Inc. ("Faircloth"), a party to Case No. 09-0961-PSWD-GI, appealed the Order to the Supreme Court of Appeals of West Virginia. Faircloth primarily argues that the Commission erred by (i) concluding that the Commission has jurisdiction to establish a Capacity Improvement Fee, and (ii) establishing May 9, 2012 as the date the District was unable to meet the Commission's test for the establishment of a Capacity Improvement Fee. In relief, Faircloth requests, among other things, that the court (i) find that the Commission has no authority to authorize the collection of a Capacity Improvement Fee, (ii) order the District to refund the Capacity Improvement Fees Faircloth has

paid since 2004, or, in the alternative, since February 27, 2009, and (iii) award it reasonable attorney fees and costs associated with the underlying Commission matter.

On October 30, 2012, the District responded to Faircloth's petition for appeal. In response, the District argues that various statutory provisions authorize the Commission to establish a Capacity Improvement Fee. More specifically, the District argues that numerous provisions of Chapter 24, Article 2 of the West Virginia Code and West Virginia Code Section 16-13-9 authorize the Commission to establish and approve a Capacity Improvement Fee. The District also points out that the Commission routinely authorizes of a fee (*e.g.*, late payment fee, tap fee, bad check fee, disconnect fee, reconnect fee), and that a Capacity Improvement Fee does not meet West Virginia's definition of a tax. In response to Faircloth's request for a refund of Capacity Improvement Fees, the District asserts that the discontinuance of the Capacity Improvement Fee is prospective only. In support, the District argues that West Virginia Code Section 24-2-3 does not allow for retroactive changes to utility rates, and that West Virginia case law confirms this. Finally, the District asserts that Faircloth's appeal is not timely; therefore, the court should reject the appeal. The District argues that Faircloth should have filed its appeal of the Order no later than June 8, 2012.

Faircloth's reply brief was due November 14, 2012, and the matter is set for oral argument before the West Virginia Supreme Court of Appeals on January 16, 2013.

LITIGATION

Except as discussed with respect to the Capacity Improvement Fees herein, 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 2012 B Bonds, the Resolution, or any agreement to which the District is a party and which is a part of the issuance of the Series 2012 B Bonds.

LEGAL MATTERS

The authorization and issuance of the Series 2012 B 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 C to this Official Statement. Certain legal matters will be passed upon for the District by its counsel, Hoy Shingleton, Martinsburg, West Virginia, and by Steptoe & Johnson PLLC, Charleston, West Virginia, as disclosure counsel to the District. Certain legal matters will be passed upon for the Underwriter by its counsel, Jackson Kelly PLLC, Charleston, West Virginia.

TAX MATTERS

General

In the opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, based on existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the District with certain covenants in the Resolution and other documents pertaining to the Series 2012 B Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the use, expenditure and investment of proceeds of the Series 2012 B Bonds and the timely payment of certain investment earnings to the United States, interest on the Series 2012 B Bonds is not includable in the gross income of the owners of the Series 2012 B Bonds for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the Series 2012 B Bonds to be included in gross income retroactively to the date of issuance of the Series 2012 B Bonds.

In the further opinion of Bond Counsel, interest on the Series 2012 B Bonds is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Interest on the Series 2012 B Bonds, however, is included as an adjustment in the calculation

of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel express no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Series 2012 B Bonds should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Resolution or in other documents pertaining to the Series 2012 B Bonds may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel express no opinion as to the effect of any change to any document pertaining to the Series 2012 B Bonds or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Steptoe & Johnson PLLC, or in reliance upon the advice of counsel other than Steptoe & Johnson PLLC, with respect to the exclusion from gross income of the interest on the Series 2012 B Bonds for federal income tax purposes.

Bank Qualification

The Series 2012 B Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Original Issue Discount

The initial public offering price of certain of the Series 2012 B Bonds (the "Discount Series 2012 B Bonds") is less than the principal amount of the Discount Series 2012 B Bonds. The difference between the principal amount of a Discount Series 2012 B Bond and its initial public offering price is original issue discount. Original issue discount on a Discount Series 2012 B Bond accrues over the term of such Discount Series 2012 B Bond at a constant interest rate. To the extent it has accrued, original issue discount on a Discount Series 2012 B Bond is treated as interest excludable from gross income for federal income tax purposes under the conditions and limitations described above. The amount of original issue discount that accrues on a Discount Series 2012 B Bond in each year is not an item of tax preference for purposes of calculating federal alternative minimum taxable income, but is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability. Additionally, such accrued original issue discount is taken into account in determining the distribution requirements of certain regulated investment companies. Consequently, owners of Discount Series 2012 B Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner may not have received cash in such year.

The accrual of original issue discount on a Discount Series 2012 B Bond will increase the owner's adjusted basis in such Discount Series 2012 B Bond. This will affect the amount of taxable gain or loss realized by the owner of the Discount Series 2012 B Bond upon the redemption, prepayment, sale or other disposition of such Discount Series 2012 B Bond. The effect of the accrual of original issue discount on the federal income tax consequences of a redemption, prepayment, sale or other disposition of a Discount Series 2012 B Bond that is not purchased at the initial public offering price may be determined according to rules that differ from those described above. Owners of Discount Series 2012 B Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of original issue discount that properly accrues with respect to the Discount Series 2012 B Bonds, other federal income

tax consequences of owning and disposing of the Discount Series 2012 B Bonds and any state and local tax consequences of owning and disposing of the Discount Series 2012 B Bonds.

Original Issue Premium

The excess, if any, of the tax adjusted basis of Series 2012 B Bonds purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such Tax-Exempt Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is "bond premium." Bond premium is amortized over the term of such Series 2012 B Bonds for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). Owners of Series 2012 B Bonds with bond premium are required to decrease their adjusted basis in such Series 2012 B Bonds by the amount of amortizable bond premium attributable to each taxable year such Series 2012 B Bonds are held. The amortizable bond premium on such Series 2012 B Bonds attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium is treated as an offset to the interest received on such Series 2012 B Bonds. Owners of such Series 2012 B Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the treatment of bond premium upon sale or other disposition of such Series 2012 B Bonds and with respect to the state and local tax consequences of owning and disposing of such Series 2012 B Bonds.

Information Reporting and Backup Withholding

Interest paid on the Series 2012 B Bonds will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Series 2012 B Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Internal Revenue Service (the "IRS") as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner's federal income tax liability so long as the required information is furnished to the IRS.

State Tax Exemption

In the further opinion of Bond Counsel, under the laws of the State of West Virginia, the Series 2012 B 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 2012 B Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

Future Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Series 2012 B Bonds to be subject, directly or indirectly, to federal income taxation or to State or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or State tax exemption or the market value of the Series 2012 B Bonds. Prospective purchasers of the Series 2012 B Bonds should consult their tax advisors regarding any future, pending or proposed federal or State tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion.

UNDERWRITING

The Underwriter, has agreed, subject to certain conditions, to purchase the Series 2012 B Bonds from the District at a price of $7,590,690.40 which reflects an Underwriter's discount of $51,237.50 and a net original issue discount of $158,072.10. The Underwriter will be obligated to purchase all of the Series 2012 B Bonds if any are purchased. The Series 2012 B 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, will certify 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, 2012, 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, 2012 in this offering document.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the owners and beneficial owners of the Series 2012 B Bonds, under a Continuing Disclosure Certificate dated as of the Closing Date, to provide certain financial information and operating data (an "Annual Report") not later than nine months following the end of its Fiscal Year (presently June 30), beginning on March 31, 2013, with the report for Fiscal Year 2011-12, and to promptly provide notices of the occurrence of certain enumerated events set forth in the Continuing Disclosure Certificate ("Listed Events").

The District will file the Annual Report and any notice of Listed Events as described in the Continuing Disclosure Certificate. The specific nature of the information to be contained in the Annual Report or the notices of Listed Events is set forth in the Continuing Disclosure Certificate. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). The form of the Continuing Disclosure Certificate is attached to this Official Statement as APPENDIX E.

While the District entered into various undertakings with respect to all publicly issued Prior Bonds, it did not employ a dissemination agent. Although the District provided annual financial information to national repositories for all public issued Prior Bonds, such filings were not always timely. The District failed to send the audited financial statements to EMMA commencing July 1, 2009. Audits for the fiscal years ending June 30, 2003, June 30, 2004, June 30, 2005, June 30, 2006, June 30, 2007, June 30, 2008, June 30, 2009, June 30, 2010, June 30, 2011 and June 30, 2012 were recently filed with EMMA. The District has implemented a new internal policy to ensure the timely filing of audited financial statements with EMMA.

RATING

Moody's Investors Services ("Moody's") has assigned a rating of "A3" with respect to the Series 2012 B 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 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 2012 B Bonds any proposed revision or withdrawal of the rating of the Series 2012 B 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 2012 B Bonds to which such change or withdrawal relates.

MISCELLANEOUS

References made in this Official Statement to certain documents and reports are brief summaries thereof that do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

The appendices to this Official Statement are integral parts of this Official Statement. Investors must read the entire Official Statement, including the appendices, to obtain information essential to making an informed investment decision. 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, WEST VIRGINIA
DEMOGRAPHIC INFORMATION

APPENDIX A
BERKELEY COUNTY, WEST VIRGINIA

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 Easter 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, Quad Baker Road, Plygem, Ecolab and Essroc.

The 2011 estimated population of Berkeley County is approximately 105,750 people. Berkeley County experienced a 27.1% population growth between 2000 and 2010. Below is a table representing Berkeley County's population and percentage of change from 1993 through July 1, 2010.

Population Year	Population Amount	Percentage Change
2011	105,750	1.52%
2010	104,169	.30%
2009	103,854	2.14%
2008	101,629	1.86%
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%

Source: U.S. Census Bureau

Major communities within reasonable traveling distance of Berkeley County include:

Community Name	Approximate Distance (miles)
Washington, D.C.	80
Baltimore, MD	90
Hagerstown, MD	18
New York, NY	264
Philadelphia, PA	180
Harrisburg, PA	93
Richmond, VA	180
Winchester, 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
2011	Berkeley County	45,410	41,810	3,600	7.9%
	West Virginia	799,900	736,100	63,800	8.0%
2010	Berkeley County	44,740	40,500	4,240	9.5%
	West Virginia	782,300	711,100	71,300	9.1%
2009	Berkeley County	45,570	41,700	3,870	8.5%
	West Virginia	797,900	734,600	63,400	7.9%
2008	Berkeley County	46,000	43,880	2,130	4.6%
	West Virginia	808,500	774,100	34,400	4.3%
2007	Berkeley County	46,410	44,670	1,740	3.7%
	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	1,800	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%

Source: West Virginia Bureau of Employment Programs

The table below lists the largest employers of Berkeley County, West Virginia:

Employer	Number of Employees
Berkeley County Schools	2,300
Veterans Administration Center	1,569
West Virginia Air National Guard	1,230
Enterprise Computing Center	900
WVU Hospital East	900
Quad/Graphics, Inc.	850
Bureau of Alcohol, Tobacco & Firearms	614
U.S. Coast Guard Operations System Center	535
Regional Education Service Agency VIII	450
U.S. Coast Guard National Maritime Center	378

Source: Berkeley County Development Authority, January 2012

APPENDIX B

[Audited Financial Statement for Fiscal Year Ended June 30, 2012]

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

WATER

SERVICE · DEDICATION · PRIDE

SINCE 1954

FINANCIAL STATEMENTS

For the years ended June 30, 2012 and 2011

CoxHollidaPrice LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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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, 2012 and 2011 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, 2012 and 2011, 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 4, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, OPEB, and budgetary comparison information on pages 5 through 10 and 35 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial statements as a whole. The supplemental schedules of operating expenses on page 39 is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CoxHollidaPrice LLP
Martinsburg, WV

October 4, 2012

BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012. 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 decreased by $.51 million, or .86% as a result of this year's operations.
- Total operating revenues decreased to $9.79 million or 3.1% in FY2012 and operating expenses increased 1.3%.
- The District's capital contributions increased by $302,786 to $1.67 million, a 22.2% increase from last year.

District highlights

- The following projects remain as work-in-progress.

  - *Large Diameter Water Mains*
  - *Architectural Design of an Operations Center*
  - *Potomac Station Well Pumps & Raw Water Main*

- The District completed $2.08 million of water capital improvement projects including Water Well Exploration and Reimbursement to Upsize Water Mains.
- There were 1.19 miles of water mains added to the water distribution system of the District during the year. 0.77 miles were installed by developers (estimated cost $0.35 million) who subsequently transferred ownership to the District.
- The number of metered customers served by the District increased from 19,961 to 20,053 or an increase of .5%. Although at a slower pace than in the recent past, 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 decreased by $.51 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

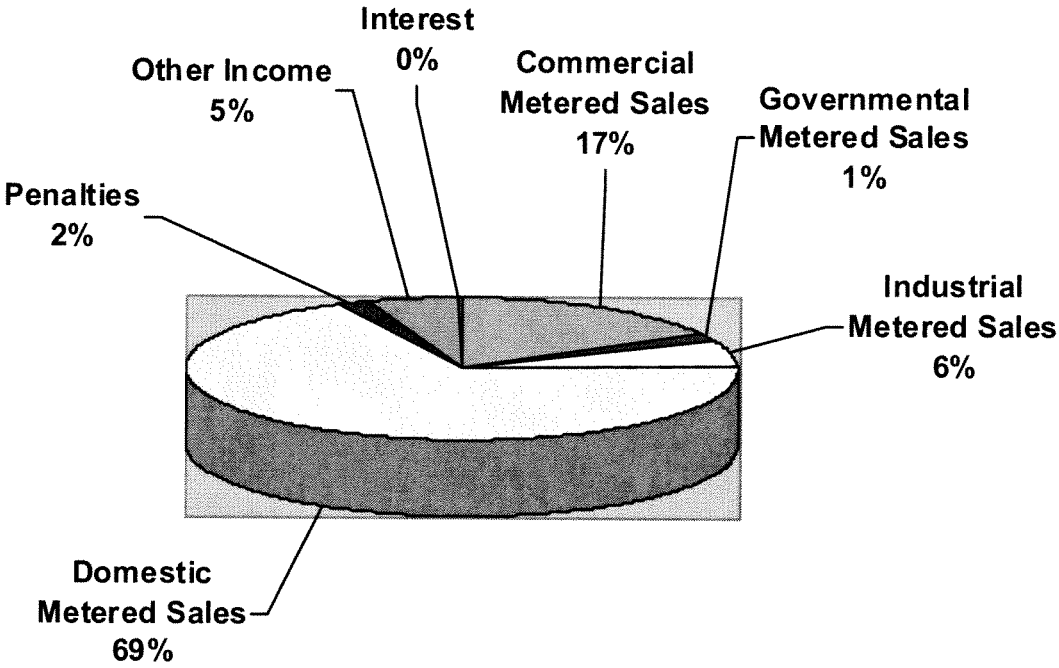
	2012	2011 Restated
Capital assets	$108,108,749	$ 109,541,343
Current and other assets	15,370,144	18,366,222
Total assets	123,478,893	127,907,565
Long-term debt outstanding	62,168,787	66,431,134
Other liabilities	2,929,226	2,587,006
Total liabilities	65,098,013	69,018,140
Net assets:		
Invested in capital assets, net of debt	46,009,780	43,179,286
Restricted	11,092,355	13,822,015
Unrestricted	1,278,745	1,888,122
Total net assets	$ 58,380,880	$ 58,889,423

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.

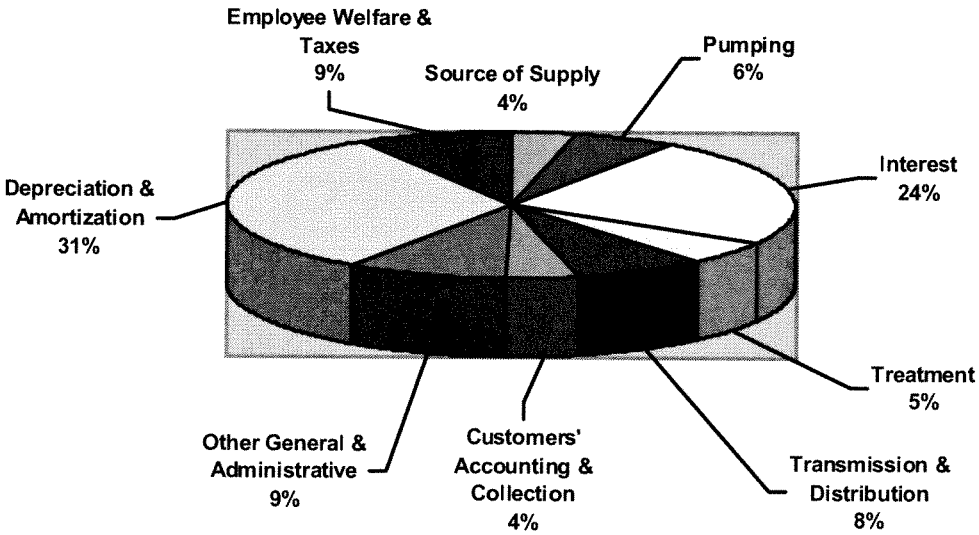
Table 2

	2012	2011 Restated
Net operating revenues	$ 9,790,750	$ 10,100,941
Interest income	39,369	75,695
Total revenues	9,830,119	10,176,636
Operating expenses	5,340,489	5,272,926
Interest expense	2,874,989	2,954,156
Other (income) expenses	128,380	120,497
Depreciation	3,663,101	3,608,074
Total expenses	12,006,959	11,955,653
Excess of revenues over expenses	(2,176,840)	(1,779,018)
Capital contributions	1,668,297	1,365,511
Change in net assets	(508,543)	(413,507)
Net assets at beginning of year	58,889,423	59,302,932
Net assets at end of year	$ 58,380,880	$ 58,889,423

2012 Revenues by Source



2012 Expenses by Function



Total operating revenues reflect a 3.1 % decrease in 2012 compared to 2011 due mainly to a decrease in water consumption by District customers. Interest income was less in 2012 because the District had fewer funds to invest compared to the year before as well as a decline in interest rates from the previous year.

Operating expenses increased by approximately 1.3 % in 2012 compared to 2011 due primarily to increase in costs such as fuel, electricity and water treatment chemicals.

THE DISTRICT'S CASH FUNDS

The District is operated as a proprietary or enterprise fund venture. As such the District operates **seven** 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 **Membrane Replacement Fund** provides for the replacement of the membrane filtration units at the Potomac River Water Filtration Plant. 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 $10,740,700 for FY 2011/2012 on May 9, 2011. Major differences between budgeted and actual amounts per budgetary basis on the Budgetary Comparison Schedule on page 36 are as follows: Income from metered water sales of all classes of customers did not meet projections. There are more than three percent of residential properties served by the District that are currently vacant. In addition, due to the slow economy, we have seen an increased emphasis in conserving water in all other classes of customers. Interest Income was less than anticipated. Capacity Improvement Fees were greater than the budgeted amount due to an increase in the number of new housing starts. Lastly, the amount of funds expended on Capital Improvements was greater than the budget primarily due to the installation of an additional raw water pump at the Potomac River Intake Pumping Station.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At the end of the 2012 Fiscal Year, the District had $108.1 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 decrease (including additions and deductions) of $1.4 million, or 1.3 % 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, 2012 and 2011.

Table 3

	2012	2011 Restated
Land and Land Improvements	$ 1,452,909	$ 1,454,414
Utility Plant and equipment	47,872,716	47,941,578
Water lines, meters and hydrants	54,576,255	54,859,916
Office equipment and furniture	133,400	124,848
Vehicles	1,662,202	1,685,792
Shop and garage equipment	514,603	407,393
Construction work in progress	1,896,664	3,067,402
Net utility plant	$108,108,749	$109,541,343

This year's major additions included:

- Water distribution system upgrades $ .34 million
- Potomac River Intake Pumping Station $ .19 million
- Other capital construction projects $ .07 million
- Purchase of equipment, vehicles, meters and computers $ .23 million

The District awarded professional design contracts for the following projects:

in FY 2011
- None

in FY 2012
- None

The District's 2013 capital budget plans for investing $0.71 million in capital additions and equipment, including the following:

New water plants and equipment
Service connections and meters
Main line extensions and fire hydrants
Water storage facilities
Vehicles
Tools and equipment
Computers and equipment

Berkeley County Public Service Water District

BALANCE SHEETS

June 30, 2012 and 2011

ASSETS

	2012	2011 Restated
CURRENT ASSETS		
Cash and temporary investments	$ **289,825**	$ 341,851
Accounts receivable - customers (net of allowance of $45,000 and $75,000, respectively)	**1,479,244**	1,480,370
Inventory	**171,268**	321,336
Other current assets	**113,480**	108,989
Total current assets	**2,053,817**	2,252,546
RESTRICTED ASSETS		
Debt service funds	**1,860,035**	1,943,994
Debt service reserve funds	**3,838,416**	3,838,205
Construction funds	**3,746,116**	3,796,229
Renewal and replacement funds	**1,061,975**	1,217,679
Customer deposits	**433,888**	436,012
Capacity improvement fees	**578,318**	3,011,646
Total restricted assets	**11,518,748**	14,243,766
Total current and restricted assets	**13,572,565**	16,496,312
UTILITY PLANT		
Utility plant in service	**142,442,472**	139,183,986
Construction in progress	**1,896,664**	3,067,402
Less accumulated depreciation	**(36,230,387)**	(32,710,045)
Net utility plant	**108,108,749**	109,541,343
OTHER ASSETS		
Unamortized debt issue expense	**1,797,579**	1,869,910
Total assets	$ **123,478,893**	$ 127,907,565

The accompanying notes are an integral part of this statement.

Berkeley County Public Service Water District

BALANCE SHEETS (Continued)

June 30, 2012 and 2011

LIABILITIES

	2012	2011 Restated
CURRENT LIABILITIES (payable from current assets)		
Leases payable (due within one year)	$ 25,010	$ 23,778
Line of credit	261,000	-
Accounts payable	173,474	174,987
Accrued expenses	123,345	78,012
Accrued payroll taxes	52,404	3,724
Total current liabilities (payable from current assets)	635,233	280,501
CURRENT LIABILITIES (payable from restricted assets)		
Revenue bonds payable (due within one year)	1,305,430	1,261,136
Accrued interest expense	562,169	623,621
Customer deposits	426,394	421,748
Total current liabilities (payable from restricted assets)	2,293,993	2,306,505
Total current liabilities	2,929,226	2,587,006
LONG-TERM LIABILITIES		
Advances for construction - developers	156,265	159,217
Leases payable	756,217	781,227
Net OPEB obligation	164,848	107,701
Revenue bonds payable	49,185,518	50,490,949
Less: unamortized deferred loss	(94,061)	(107,960)
Bond anticipation notes payable	12,000,000	15,000,000
Total long-term liabilities	62,168,787	66,431,134
Total liabilities	65,098,013	69,018,140

NET ASSETS

NET ASSETS		
Invested in capital assets, net of related debt	46,009,780	43,179,286
Restricted for debt and construction	11,092,355	13,822,015
Unrestricted	1,278,745	1,888,122
Total net assets	58,380,880	58,889,423
Total liabilities and net assets	$ 123,478,893	$ 127,907,565

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, 2012 and 2011

	2012	2011 Restated
OPERATING REVENUES		
Metered water sales		
- domestic	$ 6,708,347	$ 6,942,793
- commercial	1,632,728	1,639,866
- industrial	622,693	659,048
- governmental	131,278	147,968
Customers' forfeited discounts and penalties	207,747	201,429
Other operating income	487,957	509,837
Total operating revenues	9,790,750	10,100,940
OPERATING EXPENSES	5,340,489	5,272,926
Operating income before depreciation	4,450,261	4,828,014
DEPRECIATION	3,663,101	3,608,074
Operating income	787,160	1,219,940
NON-OPERATING INCOME (EXPENSE)		
Interest income	39,369	75,695
Gain on disposal of utility plant	5,877	13,760
Interest expense	(2,874,989)	(2,954,156)
Amortization	(134,257)	(134,257)
Total non-operating expense	(2,964,000)	(2,998,958)
Decrease in net assets before capital contributions	(2,176,840)	(1,779,018)
CAPITAL CONTRIBUTIONS	1,668,297	1,365,511
Decrease in net assets	(508,543)	(413,507)
Net assets at beginning of year	58,889,423	59,302,930
Net assets at end of year	$ 58,380,880	$ 58,889,423

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, 2012 and 2011

	2012	2011 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 9,796,522	$ 9,959,096
Cash payments for goods and services	(2,029,321)	(2,340,916)
Cash payments for employee services	(3,015,940)	(2,850,895)
Net cash provided by operating activities	4,751,261	4,767,285
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	39,369	75,695
Maturities, redemptions and purchases of certificates of deposit (net)	741,972	(96,544)
Net cash used in investing activities	781,341	(20,849)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from line of credit	261,000	-
Proceeds from utility plant disposal	7,055	13,900
Principal payments on revenue bonds payable	(1,261,137)	(1,212,973)
Principal payments on bond anticipation notes	(3,000,000)	-
Principal payments on capital lease payable	(23,778)	(22,606)
Interest paid	(2,922,547)	(2,947,997)
Payments made for advances for construction-developers	(2,952)	2,000
Payments made for issuance costs	(61,923)	-
Acquisition and construction of capital assets	(1,448,007)	(632,426)
Payments received for service connections	9,900	6,300
Payments received for capital improvement fees	874,714	716,244
Net cash used in capital and related financing activities	(7,567,675)	(4,077,558)
Net increase (decrease) in cash and cash equivalents	(2,035,073)	668,878
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,548,667	11,879,789
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 10,513,594	$ 12,548,667
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	$ 787,160	$ 1,219,940
Depreciation	3,663,101	3,608,074
Adjustments for changes in operating assets and liabilities:		
Receivables, net	1,126	(138,144)
Inventories	150,068	(3,370)
Other operating assets	(4,490)	(50,158)
Accounts payable	(1,513)	100,063
Payroll taxes payable	48,680	(15,353)
OPEB payable	57,147	54,395
Accrued expenses	45,335	(4,460)
Other operating liabilities	4,646	(3,704)
Net cash provided by operating activities	$ 4,751,260	$ 4,767,283
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Main line extensions contributed by developers	$ 783,679	$ 642,966

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 accounting policies and the presentation of the financial report of the District have been designed to conform to generally accepted accounting principles as applicable to governmental entities, in accordance with the Governmental Accounting Standards Board (GASB). GASB embodies the official pronouncements previously issued by the National Council on Governmental Accounting (NCGA).

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 and charged to operations. Interest paid on loans obtained for construction of plant facilities is capitalized when material. Capitalized interest for the years ended June 30, 2012 and 2011 was $65,746 and $151,008, 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, 2012 and 2011, 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 $74,085 and $56,169at June 30, 2012 and 2011, 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, 2012 and 2011:

		2012		2011
Operation and maintenance	$	**13,627**	$	18,127
Other cash		**2,131**		4,898
Revenue fund – checking		**143,391**		191,220
Revenue fund – certificates of deposit		**130,676**		127,607
Total	$	**289,825**	$	341,851

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, 2012, the District's cash and investment balances were as follows:

Investment Type	Maturities	Standard and Poor Credit Rating	Fair Value
Repurchase Agreements	Daily		$ 58,781
State Investment Pool	Average of 90 days	AA-	5,698,451
Total investments			5,757,232
Cash and Certificates of Deposit			6,050,112
Total Cash, Certificates of Deposit, and Investments			$ 11,807,344

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, 2012, $1,299,485 of the District's bank balance of $2,199,047 was exposed to custodial credit risk. Of the bank balance, $992,189 was covered by Federal Deposit Insurance (FDIC). Of the remaining balance of $1,206,858, $1,148,078 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name, and $58,781 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, 2012 and 2011.

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance at July 01, 2010	Additions	Retirements	Balance at June 30, 2011
Capital assets not being depreciated:				
Land	$ 1,392,490	$ -	$ -	$ 1,392,490
Other capital assets:				
Land improvements	140,919	-	-	140,919
Utility plant and equipment	45,335,795	18,820,792	23,495	64,133,092
Water lines, meters and hydrants	68,351,704	713,030	17,950	69,046,784
Office equipment and furniture	362,043	85,277	2,332	444,988
Vehicles	2,676,498	75,028	54,210	2,697,316
Shop and garage equipment	1,340,306	19,238	31,147	1,328,397
Construction work in progress	21,600,520	274,279	18,807,397	3,067,402
Total other capital assets	$ 139,807,785	$ 19,987,644	$ 18,936,531	$ 140,858,898
Less accumulated depreciation:				
Land improvements	$ 78,671	$ 324	$ -	$ 78,995
Utility plant and equipment	14,124,907	2,090,102	23,495	16,191,514
Water lines, meters and hydrants	12,807,820	1,396,998	17,950	14,186,868
Office equipment and furniture	312,192	10,280	2,332	320,140
Vehicles	976,485	89,260	54,221	1,011,524
Shop and garage equipment	930,890	21,110	30,996	921,004
Total accumulated depreciation	$ 29,230,965	$ 3,608,074	$ 128,994	$ 32,710,045
Net capital assets	$ 111,969,310	$ 16,379,570	$ 18,807,537	$ 109,541,343

CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance at July 01, 2011	Additions	Retirements	Balance at June 30, 2012
Capital assets not being depreciated:				
Land	$ 1,392,490	$ 1,600	$ -	$ 1,394,090
Other capital assets:				
Land improvements	$ 140,919	$ -	$ -	$ 140,919
Utility plant and equipment	64,133,092	1,324,520	16,465	65,441,147
Water lines, meters and hydrants	69,046,784	1,810,216	11,956	70,845,044
Office equipment and furniture	444,988	28,212	50,726	422,474
Vehicles	2,697,316	88,078	56,845	2,728,549
Shop, garage, and other equipment	1,328,397	150,386	8,534	1,470,249
Construction work in progress	3,067,402	358,361	1,529,099	1,896,664
Total capital assets	$ 140,858,898	$ 3,759,773	$ 1,673,625	$ 142,945,046
Less accumulated depreciation:				
Land improvements	$ 78,995	$ 3,109	$ -	$ 82,104
Utility plant and equipment	16,191,514	1,392,202	15,286	17,568,430
Water lines, meters and hydrants	14,186,868	2,093,877	11,956	16,268,789
Office equipment and furniture	320,140	19,660	50,726	289,074
Vehicles	1,011,524	111,641	56,818	1,066,347
Shop and garage equipment	921,004	42,585	7,946	955,643
Total accumulated depreciation	$ 32,710,045	$ 3,663,074	$ 142,732	$ 36,230,387
Net capital assets	$ 109,541,343	$ 98,299	$ 1,530,893	$ 108,108,749

REVENUE BONDS PAYABLE

The District is obligated under certain bond resolutions with respect to the following revenue bonds outstanding as of June 30, 2012 and 2011:

	2012	2011
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 $40,229 including 7.75% interest;	**$ 433,616**	$ 442,656
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;	**9,040**	9,492

REVENUE BONDS PAYABLE (Continued)

	2012	2011
Series D 1993 water revenue bonds in the original amount of $10,257,957, total annual installments of principal and interest at $751,218; principal payable in annual installments beginning October 1, 1995 and concluding April 1, 2033 with interest payable in semi-annual installments at 6.75%;	**$ 8,484,498**	$ 8,651,725
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;	**572,972**	583,234
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;	**1,807,581**	1,833,330
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;	**1,140,000**	1,265,000
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;	**1,728,241**	1,831,648

REVENUE BONDS PAYABLE (Continued)

	2012	2011
Series 2004 water revenue bonds in the original amount of $10,000,000, principal payable in annual installments at varying amounts and semi-annual interest at varying rates averaging 3.96%; interest payments beginning June 2005 and principal payments beginning December 2007 and concluding December 2024 including 4.3% interest;	**$ 7,840,000**	$ 8,300,000
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;	**9,735,000**	9,805,000
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**	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**	9,500,000
Series 2009 water revenue bonds in the original amount of $7,510,000, principal payable in annual installments at varying amounts and semi-annual interest payments at varying rates averaging 4.00%; interest payments beginning June 2009 and principal payments beginning December 2010 and concluding December 2028 including 4.40% interest.	**6,940,000**	8,230,000
	$ 50,490,948	$ 52,752,085

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, 2012 are as follows:

Year Ending June 30	Principal	Interest
2013	$ 1,305,430	$ 2,325,482
2014	1,365,926	2,272,823
2015	1,422,698	2,215,801
2016	1,485,829	2,154,034
2017	1,585,404	2,087,204
2018-2022	9,012,988	9,248,269
2023-2027	11,119,772	6,955,236
2028-2032	9,997,284	4,270,909
2033-2037	11,411,251	1,704,367
2038-2040	1,784,366	61,989
	$ 50,490,948	$ 33,296,114

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.

Water revenue bonds:	Balance at July 01, 2010	Additions	Deductions	Balance at June 30, 2011
Series B 1993	$ 451,045	$ -	$ 8,390	$ 442,656
Series C 1993	9,945	-	453	9,492
Series D 1993	8,808,377	-	156,652	8,651,725
Series 1996	592,893	-	9,659	583,234
Series 2001	1,857,667	-	24,337	1,833,330
Series B 2003	1,385,000	-	120,000	1,265,000
Series C 2003	1,930,130	-	98,482	1,831,648
Series 2004	8,745,000	-	445,000	8,300,000
Series 2006	9,875,000	-	70,000	9,805,000
Series 2007	2,300,000	-	-	2,300,000
Series 2008	9,500,000	-	-	9,500,000
Series 2009	7,510,000	-	280,000	7,230,000
Total water revenue bonds payable	$ 52,965,057	$ -	$ 1,212,973	$ 51,752,085
Less: Current portion due in upcoming year:				1,261,136
Long-term water revenue bonds payable at June 30, 2011 (net of current portion)				$ 50,490,949

REVENUE BONDS PAYABLE (Continued)

Water revenue bonds:	Balance at July 01, 2011	Additions	Deductions	Balance at June 30, 2012
Series B 1993	$ 442,656	$ -	$ 9,041	$ 433,615
Series C 1993	9,492	-	452	9,041
Series D 1993	8,651,725	-	167,227	8,484,498
Series 1996	583,234	-	10,262	572,972
Series 2001	1,833,330	-	25,749	1,807,581
Series B 2003	1,265,000	-	125,000	1,140,000
Series C 2003	1,831,648	-	103,407	1,728,241
Series 2004	8,300,000	-	460,000	7,840,000
Series 2006	9,805,000	-	70,000	9,735,000
Series 2007	2,300,000	-	-	2,300,000
Series 2008	9,500,000	-	-	9,500,000
Series 2009	7,230,000	-	290,000	6,940,000
Total water revenue bonds payable	$ 51,752,085	$ -	$ 1,261,138	$ 50,490,948
Less: Current portion due in upcoming year:				1,305,430
Long-term water revenue bonds payable at June 30, 2012 (net of current portion)				$ 49,185,518

The significant covenants contained in the bond issues are as follows:

	2012	2011
Actual coverage ratio	115%	127%
Required coverage ratio	120%	120%
Required annual additions to renewal and replacement fund	$ 240,036	$ 244,854
Required future debt service reserve	$ 4,825,402	$ 4,825,402

The above actual coverage ratio excludes the debt service associated with the 2007 bond anticipation note. This issue is not secured by the net revenues of the system. Pursuant to a bond counsel opinion dated October 22, 2011, debt service reserve fund amounts have been applied towards their respective issues' final payment of principal and interest in the calculation of coverage and consistent with the Districts' offering documents. As of June 30, 2012 the District is not in compliance with revenue bond required debt service coverage ratios. At June 30, 2011 the District was in compliance with revenue bond required debt service coverage ratios.

BOND ANTICIPATION NOTE PAYABLE

The District is obligated under certain bond resolutions with respect to the following revenue bonds outstanding as of June 30, 2012 and 2011:

	2012	2011
Series 2007 bond anticipation note in the original amount of $20,000,000 with semi-annual interest beginning August 2007 at 4.25% and total principal payable February 2014 including 4.25% interest.	**$ 12,000,000**	$ 15,000,000

BOND ANTICIPATION NOTE PAYABLE (Continued)

Maturities of bond anticipation note payable and interest payments for each of the next two years succeeding June 30, 2012 are as follows:

Year Ending June 30	Principal	Interest
2013	$ -	$ 510,000
2014	12,000,000	255,000
	$ 12,000,000	$ 765,000

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, 2010	Additions	Deductions	Balance at June 30, 2011
Long-term bond anticipation note payable:				
Series 2007	$ 15,000,000	$ -	$ -	$ 15,000,000

	Balance at July 01, 2011	Additions	Deductions	Balance at June 30, 2012
Long-term bond anticipation note payable:				
Series 2007	$ 15,000,000	$ -	$ 3,000,000	$ 12,000,000

The significant covenants contained in the bond issue are as follows:

	2012	2011
Actual coverage ratio	102%	109%
Required coverage ratio	100%	100%
Required annual additions to renewal and replacement fund	$ 240,036	$ 244,854
Required debt service reserve	$ 1,000,000	$ 1,000,000

The above actual coverage ratio excludes the 2007 bond anticipation note principal. This issue is not secured by the net revenues of the system. Pursuant to a bond counsel opinion dated October 22, 2011, debt service reserve fund amounts have been applied towards their respective issues' final payment of principal and interest in the calculation of coverage and consistent with the Districts' offering documents. As of June 30, 2012 and 2011, the District is in compliance with bond anticipation note required debt service coverage ratios.

LINE OF CREDIT PAYABLE

The District has a $1,000,000 unsecured line of credit, used to finance short term cash requirements. 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. The balance outstanding at June 30, 2012 and 2011 was $261,000 and $0, respectively. The District did not use the line of credit in the fiscal year ended June 30 2011.

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.

Minimum future lease payments under capital leases as of June 30, 2012, for each of the next five years and in the aggregate, are:

2013	$	**63,984**
2014		**63,984**
2015		**63,984**
2016		**63,984**
2017		**63,934**
2018-2022		**319,643**
2023-2027		**319,643**
2028-2032		**260,509**
Total minimum lease payments	$	**1,219,665**
Less: amount representing interest		**438,438**
Present value of net minimum lease payments	$	**781,227**

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, and signed addendums for additional space on February 1, 2007 and June 14, 2010. The original lease period expired November 30, 2004, with an option for six additional consecutive one year renewal periods, which the latest addendum has extended for three additional renewal periods, expiring May 31, 2013. The District has elected to exercise these annual options to continue the lease. The monthly rental rates for the extension periods ended January 31, 2010 and June 30, 2010 were $2,920 and $3,249, respectively. The monthly rental rates for the current extension periods ending November 30, 2011 and May 31, 2013 (including the addendums for additional space) are $3,945 and $4,045, respectively, per month. Rental expense charged to income for the years ended June 30, 2012 and 2011 was $48,140 and $47,664, respectively.

The District also entered into an operating lease for shop facilities on August 26, 2011. Rental payments under the lease agreement are $2,963 per month. The original lease term expires April 30, 2014. The lease automatically becomes a month-to-month rental agreement at the same amount at expiration of the original lease term. Rental expense for the years ended June 30, 2012 and 2011 was $34,167 and $27,500, respectively .

OPERATING LEASES (Continued)

The District has entered into operating lease agreements with six telecommunications providers which allows the attachment of cell phone towers/antenna to the District's water tanks . These agreements are for various term lengths with the longest extending through October 2026, if all renewal periods are elected. Monthly rents related to these agreements range from $275 - $2,185. Non-operating rental income for the years ended June 30, 2012 and 2011 was $138,076 and $139,528, respectively.

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, 2012. Also included in this account is are advanced payments received by the District of $156,256 for payment for lines to be installed in the future for two developments. This is not expected to be completed during the next fiscal year ending June 30, 2013.

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 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 Average Salary (FAS) times the number of years for which they were employed as a participant in the State PERS. FAS refers to the average annual salary from the highest 36 consecutive months within the last 10 years of employment.

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 $2,088,564, $2,044,948 and $1,953,026 for the years ended June 30, 2012, June 30, 2011 and 2010, 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 14.5% (12.5 and 11% during fiscal years ended June 30, 2011 and 2010, respectively) of its covered payroll. Total contributions made during the fiscal years ended June 30, 2010 through 2012 amounted to $396,824, $321,080, and $302,719, respectively, of which $93,985, $96,324, and $87,887 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, 2012, construction in progress consisted of various water upgrade projects and studies

Project 938 relates to water system capital improvements, namely a raw water source. As of June 30, 2012, expenditures totaling $57,556 had been incurred on this project, which is expected to cost approximately $102,600 upon completion.

Project 948 relates to water system capital improvements, namely easement acquisition for a water transmission main. As of June 30, 2012, expenditures totaling $11,208 had been incurred on this project, which is expected to cost approximately $111,000 upon completion.

Project 951 relates to water system capital improvements, namely the installation of water transmission mains. As of June 30, 2012, expenditures totaling $1,012,632 had been incurred on this project, which is expected to cost approximately $1,317,000 upon completion.

Project 957 relates to water system capital improvements, namely the installation of the Grubbs Corner tank. As of June 30, 2012, expenditures totaling $140,724 had been incurred on this project, which is expected to cost approximately $2,920,000 upon completion.

Project 958 relates to architectural building design. As of June 30, 2012, expenditures totaling $663,289 had been incurred on this project, which is expected to cost approximately $690,000 upon completion.

Project 962 relates to Potomac Station well pumps and raw water main. As of June 30, 2012, expenditures totaling $3,050 had been incurred on this project, which is expected to cost approximately $100,000 upon completion.

Project 803 relates to Bunker Hill townhomes 16" water main. As of June 30, 2012, expenditures totaling $7,617 had been incurred on this project, which is expected to cost approximately $223,000 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 $785,694 and $642,966 for the years ended June 30, 2012 and 2011, respectively. Total capital contributions in the income statement consist of the following:

		2012		2011
Mainline extensions, hydrants, and services	$	**785,694**	$	642,966
Service connection fees		**9,900**		6,300
Capacity improvement fees		**872,703**		716,245
Total capital contributions	$	**1,668,297**	$	1,365,511

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash and cash equivalents consist of the following at June 30, 2012 and 2011

		2012		2011
Operation and maintenance	$	**15,775**	$	23,025
Revenue fund		**143,391**		191,220
Debt service funds		**1,860,035**		1,943,994
Debt service reserve funds		**3,838,416**		3,838,205
Construction fund		**3,746,116**		3,796,229
Renewal and replacement fund		**307,461**		257,458
Security deposit funds		**24,082**		23,019
Capacity improvement fees		**578,318**		2,475,517
Total	$	**10,513,594**	$	12,548,667

The change in cash and cash equivalents by unrestricted and restricted designations consists of the following at June 30, 2012 and 2011:

		Unrestricted		Restricted		Total
June 30, 2011	$	214,245	$	12,334,422	$	12,548,667
June 30, 2012		159,149		10,354,445		10,513,594
Increase (decrease) in cash and cash equivalents	$	(55,096)	$	(1,979,977)	$	(2,035,073)

OTHER POST-EMPLOYMENT BENEFITS

Effective July 1, 2010, the District adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect long-term liabilities and related expenses of $164,848 and $61,791, $107,701 and $ 61,791, and $52,934 and $61,791 at June 30, 2012, 2011 and 2010, respectively, resulting from the adoption.

OTHER POST-EMPLOYMENT BENEFITS (Continued)

Plan Description. The District is deemed a non-participating entity with eligible retirees, which means that the District does not currently participate in a group medical or prescription drug coverage plan through PEIA; however, the District has qualifying retirees who are eligible to participate in a retiree plan due to prior service. As a result of being a non-participating entity, the District does not have covered payroll associated with its liability.

The financial activities of PEIA's OPEB plan are accounted for by the West Virginia Retiree Health Benefit Trust (RHBT). The plan provides retiree group medical and prescription drug coverage. The RHBT issues a publically available financial report that includes financial statements and required supplementary information for RHBT. That report and details regarding this plan can be obtained by contacting Public Employees Insurance Agency, 601 57th Street Southeast, Suite 2, Charleston, West Virginia 25304-2345 or by calling 1-888-680-7342.

Funding Policy. GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The District currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits.

The District's OPEB cost is a calculated annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded liabilities over a period of thirty (30) years. As of July 1, 2010, the most recent actuarial date, the Plan was not funded. The following tables illustrate the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, changes in the net OPEB obligation, and funding progress. For the fiscal years ended June 30:

	2012	2011
Normal cost	$ 7,686	$ 7,686
Amortization of unfunded	53,875	53,875
Interest	230	230
Annual required contribution	$ 61,791	$ 61,791
Annual required contribution	$ 61,791	$ 61,791
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost	61,791	61,791
Contributions made	(4,644)	(7,024)
Increase in net OPEB obligation	57,147	54,767
Net OPEB obligation - beginning of year	107,701	52,934
Net OPEB obligation - end of year	$ 164,848	$ 107,701

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2012 thru 2010:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation-End of year
2012	$ 61,791	7.52%	$ 164,848
2011	$ 61,791	11.37%	$ 107,701
2010	$ 61,791	14.33%	$ 52,934

The requirements of GASB State No. 45 have been implemented prospectively. Because this was the year of transition, the previous illustration does not contain similar information for the two proceeding years.

OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involves estimates of the value of reported amounts and assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is meant to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because June 30, 2011 was the year of transition and the requirements of GASB Statement No. 45 have been implemented prospectively, the schedule of funding progress does not contain information for the two preceding years.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefits costs between the District and plan members at that point. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2010
Actuarial cost method	Projected unit credit method
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	3%
Projected salary increases	Not applicable
Healthcare inflation rate	1.5% - 7.0%

RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

RESTATEMENT

During the fiscal year ended June 30, 2012, the District discovered it had not reflected in it's records inventory that had been capitalized and recorded as construction in progress during the fiscal year ended June 30, 2011. The net assets for the year ended June 30, 2011 have been restated to correct the error and to reflect the correct inventory asset and operating expense. The effect of this restatement was to decrease inventory at June 30, 2011 and increase operating expense for the fiscal year ended June 30, 2011 by $51,409. The net asset balance previously reported was $58,940,834 and was restated to $58,889,423.

The following financial statement line items were restated as of June 30, 2011:

	Amount Previously Reported	Amount As Restated	Adjustments
Balance sheet			
Inventory	$ 372,744	$ 321,336	$ (51,408)
Statement of revenues, expenses, and changes in net assets			
Operating expenses	5,221,518	5,272,926	51,408
Total adjustment to net assets at June 30, 2011			$ (51,408)

SUBSEQUENT EVENTS

During August 2012, the PSC ruled that the District was no longer allowed to continue to collect CIF's after May 30, 2012, and that CIF's collected from May 31, 2012 through present were to be refunded. The District collected $242,618 in CIF's after May 30, 2012. These funds were held in a separate account, and were refunded to the respective customers prior to August 31, 2012.

REQUIRED SUPPLEMENTAL INFORMATION

Berkeley County Public Service Water District

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2012

POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Schedule of Funding Progress - Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll	UAAL as Percentage of Covered Payroll
07/01/09	$ -	$ 108,394	$ 108,394	N/A	N/A	N/A

Schedule of Employer Contributions - Other Post Employment Benefits

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed
2012	$ 61,791	7.52%
2011	$ 61,791	11.37%
2010	$ 61,791	14.33%

Because last was the year of transition and the requirements of GASB State No. 45 have been implemented prospectively, the schedule of funding progress and the schedule of employer contributions for other post employment benefits do not contain similar information for the two proceeding years.

The District has not prefunded the postemployment benefit liability. No assets have been segregated and restricted to provide post employment benefits. Additionally, because the District is considered a "non-participating" employer, the schedule of funding progress does not contain amounts for covered payroll or UAAL as a percentage of covered payroll.

See independent auditors' report.

Berkeley County Public Service Water Distric

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2012

	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	$ 7,132,400		$ 7,132,400		$ 6,708,347		$ -		$ 6,708,347
- commercial	1,724,000		1,724,000		1,632,728		-		1,632,728
- industrial	686,000		686,000		622,693		-		622,693
- governmental	152,000		152,000		131,278		-		131,278
Customers' forfeited discounts and penalties	202,600		202,600		207,747		-		207,747
Other operating income	477,400		477,400		487,957		-		487,957
Refunds and reimbursements	361,000		361,000		55,789	(F)	(55,789)		-
Total operating revenues	10,735,400		10,735,400		9,846,539		(55,789)		9,790,750
OPERATING EXPENSES	5,296,000		5,296,000		5,340,489		-		5,340,489
Operating income before depreciation	5,439,400		5,439,400		4,506,050		(55,789)		4,450,261
DEPRECIATION	-	(A)	-		-		3,663,101		3,663,101
Operating income	5,439,400		5,439,400		4,506,050		(3,718,890)		787,160
NON-OPERATING INCOME (EXPENSE)									
Interest income	29,300		29,300		5,331	(G)	34,038		39,369
Interest expense	-	(B)	-		-		(2,874,989)		(2,874,989)
Amortization	-	(A)	-		-		(134,257)		(134,257)
Gain on disposal of utility plant	-	(A)	-		-		5,877		5,877
Total non-operating income (expenses)	29,300		29,300		5,331		(2,969,331)		(2,964,000)
Increase in net assets before capital contributions	5,468,700		5,468,700		4,511,381		(6,688,221)		(2,176,840)
CAPITAL CONTRIBUTIONS	640,000	(H)	640,000		874,714		793,583	(A)	1,668,297
OTHER FINANCING SOURCES (USES)									
Renewal and replacement funds	473,040	(C)	473,040		240,037	(F)	(240,037)		-
Debt service	(4,213,100)	(D)	(4,213,100)		(7,183,684)	(F)	7,183,684		-
Capital improvements	(1,137,040)	(E)	(1,137,040)		(1,448,007)	(F)	1,448,007		-
Total other financing sources (uses)	(4,877,100)		(4,877,100)		(8,391,654)		8,391,654		-
Increase in net assets	1,231,600		1,231,600		(3,005,559)		2,497,016		(508,543)
Net assets at beginning of year	58,478,491		59,811,082		60,472,465		-		58,889,423
Net assets at end of year	$ 59,710,091		$ 61,042,682		$ 57,466,906		$ 2,497,016		$ 58,380,880

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 improvement fees only.

See independent auditors' report.

Berkeley County Public Service Water Distric

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2011

	Budgeted Amounts (Original)		Budgeted Amounts (Final)		Actual Amounts Budgetary Basis Restated		Budget to GAAP Differences Over (under)		Actual Amounts GAAP Basis Restated
OPERATING REVENUES									
Metered water sales - domestic	$ 7,365,600		$ 7,365,600		$ 6,942,793		$ -		$ 6,942,793
- commercial	1,824,300		1,824,300		1,639,866		-		1,639,866
- industrial	655,800		655,800		659,048		-		659,048
- governmental	142,300		142,300		147,968		-		147,968
Customers' forfeited discounts and penalties	200,600		200,600		201,429		-		201,429
Other operating income	435,900		440,900		509,837		-		509,837
Refunds and reimbursements	30,000		25,000		10,441	(F)	(10,441)		-
Total operating revenues	10,654,500		10,654,500		10,111,381		(10,441)		10,100,941
OPERATING EXPENSES	5,346,700		5,346,700		5,272,928		-		5,272,928
Operating income before depreciation	5,307,800		5,307,800		4,838,452		(10,441)		4,828,013
DEPRECIATION	-	(A)	-		-		3,608,074		3,608,074
Operating income	5,307,800		5,307,800		4,838,452		(3,618,515)		1,219,939
NON-OPERATING INCOME (EXPENSE)									
Interest income	37,500		37,500		4,912	(G)	70,783		75,695
Interest expense	-	(B)	-		-		(2,954,156)		(2,954,156)
Amortization	-	(A)	-		-		(134,257)		(134,257)
Gain on disposal of utility plant	-	(A)	-		-		13,760		13,760
Total non-operating income (expenses)	37,500		37,500		4,912		(3,003,870)		(2,998,958)
Increase in net assets before capital contributions	5,345,300		5,345,300		4,843,364		(6,622,385)		(1,779,019)
CAPITAL CONTRIBUTIONS	890,000	(H)	890,000		874,714		490,797	(A)	1,365,511
OTHER FINANCING SOURCES (USES)									
Renewal and replacement funds	266,000	(C)	266,000		244,851	(F)	(244,851)		-
Debt service	(4,311,000)	(D)	(4,311,000)		(4,160,970)	(F)	4,160,970		-
Capital improvements	(1,682,150)	(E)	(1,682,150)		(632,426)	(F)	632,426		-
Total other financing sources (uses)	(5,727,150)		(5,727,150)		(4,548,545)		4,548,545		-
Increase in net assets	508,150		508,150		1,169,533		(1,583,043)		(413,508)
Net assets at beginning of year	57,970,341		59,302,932		59,302,932		-		59,302,931
Net assets at end of year	$ 58,478,491		$ 59,811,082		$ 60,472,465		$ (1,583,043)		$ 58,889,423

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 improvement fees only.

See independent auditors' report.

SUPPLEMENTAL INFORMATION

Berkeley County Public Service Water District

SCHEDULES OF OPERATING EXPENSES

For the years ended June 30, 2012 and 2011

	2012	2011
Source of supply expenses		
Maintenance of sources of supply	$ 27,860	$ 39,233
Operation supervision and labor	23,780	17,243
Water purchased	295,659	292,227
Miscellaneous expenses	76,214	152,515
Rents	7,796	8,290
Total	431,309	509,509
Pumping system expenses		
Power purchased	430,145	429,691
Pumping supervision and labor	265,244	273,033
Maintenance of pumping system	154	15
Total	695,543	702,739
Treatment expenses		
Operation supervision and labor	203,060	192,598
Chemical treatment	216,222	193,559
Miscellaneous expenses	112,308	47,050
Maintenance of treatment system	90,475	73,649
Total	622,065	506,857
Transmission and distribution expenses		
Miscellaneous expenses	92,473	95,788
Maintenance of distribution mains	774,739	803,940
Rent - building and equipment	34,667	27,500
Rent - railroad right of way	5,200	4,050
Total	907,079	931,279
Customers' accounting and collection expenses		
Meter reading	54,651	56,453
Accounting and collection	465,187	421,475
Total	519,838	477,929
General and administrative expenses		
Salaries and wages	632,055	597,356
Office and general supplies	18,118	39,215
Outside services	94,506	98,234
Employee welfare	914,789	899,171
Regulatory commission expense	27,590	29,749
Insurance	145,840	142,666
Miscellaneous expenses	134,487	133,702
Maintenance of equipment	41,229	41,496
Payroll taxes	156,041	163,025
Total	2,164,655	2,144,615
Total operating expenses	$ 5,340,489	$ 5,272,926

See independent auditors' report.

201 E. Burke Street
Martinsburg, WV 25401
Phone 304.263.0891
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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 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, 2012 and 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 4, 2012. 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

Management of the District is responsible for establishing and maintaining effective 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* described as 2012-1 in the accompanying Schedule of Findings and Response.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the District's response and, accordingly, we express no opinion on it

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
Martinsburg, WV

October 4, 2012

Berkeley County Public Service Water District

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2012

Compliance

During the testing of compliance with laws, regulations and agreements, we noted the following:

2012-1 Condition: District did not maintain rates established at a sufficient level to enable a bond coverage ratio of 120% for revenue bonds. The June 30, 2012 revenue bond coverage ratio is 115%.

Criteria: Revenue bond covenants require a minimum coverage ratio of 120% of amount required to pay the highest succeeding fiscal year debt service (principal and interest) on all revenue bonds outstanding after payment of operating expenses.

Effect: Coverage ratio is less than mandated by bond covenants.

Recommendation: We recommend that the District maintain rates established at a level sufficient to provide a minimum coverage ratio of 120%.

Response: We concur with the recommendation. The District has established procedures to calculate this requirement on a quarterly basis. Calculations prepared for the six months ended December 31, 2011 and the nine months ended March 31, 2012 demonstrated compliance with this requirement. An unexpected decline in water usage during the fourth quarter of the fiscal year resulted in violation of this covenant. The District plans to file a Rule 42 Exhibit with the Public Service Commission of West Virginia to request a rate increase sufficient to provide a minimum coverage ratio of 120% within sixty days of the receipt of the audit report.

APPENDIX C

[Proposed Form of Bond Counsel Opinion]

[Date of Delivery]

Berkeley County Public Service District (West Virginia)
Water Revenue Bonds, Series 2012 B (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ross, Sinclaire & Associates, LLC
Cincinnati, Ohio

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 $7,800,000 in aggregate principal amount Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Series 2012 B Bonds").

The Series 2012 B Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on November 26, 2012, as supplemented (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 2012 B Bonds are issued for the purposes of providing funds, together with other moneys available thereof, (i) to finance the costs of acquisition or construction of additions, betterments and improvements to the existing waterworks of the Issuer; (ii) to pay capitalized interest; (iii) to fund the Series 2012 B Bonds Reserve Account; and (iv) to pay costs of issuance and related costs.

The Series 2012 B Bonds have been sold to Ross, Sinclaire & Associates, LLC (the "Purchaser"), pursuant to a Bond Purchase Agreement dated December 13, 2012, 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 Certificate and the Continuing Disclosure Certificate 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 Certificate and the Continuing Disclosure Certificate and with certain certificates delivered in connection with the issuance of the Series 2012 B Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Certificate and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2012 B Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement and the Continuing Disclosure Certificate and has issued and delivered the Series 2012 B Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement and the Continuing Disclosure Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2012 B Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. Assuming continuing compliance by the Issuer with certain covenants in the Resolution and other documents pertaining to the Series 2012 B Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States, interest on the Series 2012 B Bonds is not includable in the gross income of the owners of the Bonds for purposes of federal income taxation. Interest on the Series 2012 B Bonds is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals or corporations. Interest on the Series 2012 B Bonds, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may, therefore, affect a corporation's alternative minimum tax liability.

5. The Issuer has designated the Series 2012 B Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code.

6. Under the Act, the Series 2012 B Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2012 B Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

7. The Series 2012 B Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (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 (West Virginia Water Development Authority), dated October 25, 2001; (vi) Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003; (vii) Water Refunding Revenue Bonds, Series 2003 C, dated May 15, 2003; (viii) Water Revenue Bonds, Series 2006, dated December 28, 2006; (ix) Water Revenue Bonds, Series 2007, dated December 21, 2007; (x) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008; (xi) Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009; and (xii) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) dated on December 19, 2012 (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 2012 B Bonds and the Resolution.

Other than as explicitly provided herein, we express no opinion as to any other federal income tax consequences caused by ownership of or receipt of interest on the Series 2012 B Bonds.

It is to be understood that the rights of the holders of the Series 2012 B Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2012 B Bonds, the Resolution, the Continuing Disclosure Certificate and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. BR-1 through BR-12 of said issue, and in our opinion, said Series 2012 B Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX D

[Form of the Resolution]

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,500,000, 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, 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 installation of well pumps with electrical control systems at the Potomac Station Well Field and a new 12 inch and 16 inch raw water main from the Potomac Station Well Field to the existing Potomac River Water Treatment Plant, construction of an operations center and installation of water mains along U.S. Route 11 and all necessary appurtenances (collectively, the "Project");

WHEREAS, there are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon have the lien positions with respect to the Net Revenues of the waterworks system of the Issuer: (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 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) 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"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; and (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (collectively, the "Prior Issued Bonds"). In addition to the Prior Issued Bonds, the District anticipates selling its Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds") on November 27, 2012 and expects to close on the Series 2012 A Bonds on December 20, 2012. The Prior Issued Bonds together with the Series 2012 A Bonds are collectively referred to herein as the "Prior Bonds."

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 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 B 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 positions with respect to the Capacity Improvement Fees of the Issuer 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 $12,000,000 (the "Series 2007 Notes" or the "Prior Notes"). The Series 2007 Notes are to be repaid solely from and are secured solely by the Capacity Improvement Fees of the 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, Surplus Revenues of the System and certain funds and accounts related to the Series 2007 Notes, as set forth in resolution pursuant to which the Series 2007 Notes were issued, and are not payable by the Net Revenues of the System. The Series 2007 Notes do not have a lien on the Net Revenues of the Issuer. The Capacity Improvement Fees ARE NOT considered a part of the Net Revenues of the System. The current status of the Capacity Improvement Fees is discussed herein.

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of Berkeley County that its Series 2012 B 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 2012 B Bonds.

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

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

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

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

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

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

"Bonds" means, collectively, the Series 2012 B Bonds, the First Lien Bonds and the Second Lien Bonds, and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"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.

"Capitalized Interest" shall mean interest on the Series 2012 B Bonds which is paid from the proceeds of such Series 2012 B Bonds

"Capitalized Interest Period" shall mean the period of time commencing with the Closing Date and continuing to June 30, 2013.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2012 B Bonds in substantially the form set forth in EXHIBIT A - SERIES 2012 B 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 2012 B 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 2012 B Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

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

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

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

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"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 2012 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2012 B 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 2012 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds of the Series 2012 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2012 B Bonds.

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

"Original Purchaser" means Ross, Sinclaire & Associates, LLC, Cincinnati, Ohio, as the purchaser of the Series 2012 B Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2012 B Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2012 B Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2012 B Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2012 B Bonds.

"Outstanding," when used with reference to the Series 2012 B Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by

the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer.

"Paying Agent," initially, the West Virginia Municipal Bond Commission and any other paying agent or other entity designated as such for the Series 2012 B Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"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 2012 B Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2012 B Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2012 B Bonds of each maturity is sold or, if the Series 2012 B Bonds are privately placed, the price paid by the first buyer of the Series 2012 B Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2012 B Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2012 B Bonds.

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

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed

by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia 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.

"Rebate Fund" means the Rebate Fund described in Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated in the Series 2012 B Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2012 B Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

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

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

"Reserve Accounts" means the respective Reserve Accounts established for the Series 2012 B Bonds and the Prior Bonds.

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

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

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

"Series 2012 B Bonds" means the Water Revenue Bonds, Series 2012 B (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2012 B Bonds Capitalized Interest Fund" means the Series 2012 B Bonds Capitalized Interest Fund created by Section 4.02 hereof.

"Series 2012 B Bonds Construction Fund" means the Series 2012 B Bonds Construction Fund created by Section 4.02 hereof.

"Series 2012 B Bonds Cost of Issuance Fund" means the Series 2012 B Bonds Cost of Issuance Fund created by Section 4.02 hereof.

"Series 2012 B Bonds Redemption Account" means the Series 2012 B Bonds Redemption Account created by Section 4.02 hereof.

"Series 2012 B Bonds Reserve Account" means the Series 2012 B Bonds Reserve Account created by Section 4.02 hereof.

"Series 2012 B Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2012 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2012 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2012 B Bonds.

"Series 2012 B Bonds Sinking Fund" means the Series 2012 B Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2012 B Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following adoption of this Resolution, setting forth the final amounts, maturities, interest rates and other terms of the Series 2012 B Bonds and authorizing the sale of the Series 2012 B Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"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 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 2012 B (Bank Qualified), in the total aggregate principal amount of not more than $8,500,000 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 2012 B 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 applied to funding the Series 2012 B Bonds Reserve Account; and the payment of; 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; discount; initial fees for the services of registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

H. All things necessary to make the Series 2012 B Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2012 B Bonds, will be timely done and duly performed.

I. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System and the issuance of the Series 2012 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2012 B Bonds or such final order will not be subject to appeal or rehearing.

J. The adoption of this Resolution, and the execution and issuance of the Series 2012 B Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2012 B Bonds by those who shall own or hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of such Bondholders of any and all of such Series 2012 B Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

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 $8,500,000. The proceeds of the Series 2012 B 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 2012 B Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Series 2012 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2012 B 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 2012 B Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2012 B Bonds shall be in default, Bonds issued in exchange for Series 2012 B Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2012 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2012 B 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 2012 B Bonds shall be paid by check or draft made payable and mailed to the Registered Owner 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 $1,000,000 or more of the Series 2012 B 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 2012 B 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 Registered Owner thereof, another Bond in the principal amount of said Series 2012 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2012 B 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 2012 B Bonds shall cease to be such officer of the Issuer before the Series 2012 B Bonds so signed and sealed have been actually sold and delivered, such Series 2012 B Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2012 B Bonds had not ceased to hold such office. Any Series 2012 B 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 2012 B Bonds shall hold the proper office in the Issuer, although at the date of such Series 2012 B Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2012 B 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 2012 B Bond, substantially in the form set forth in EXHIBIT A – SERIES 2012 B BOND attached hereto and incorporated herein by reference WITH RESPECT TO SUCH RESPECTIVE Series 2012 B Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2012 B 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 2012 B 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 2012 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2012 B Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Series 2012 B Bonds, shall be conclusively deemed to have agreed that such Series 2012 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2012 B Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2012 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2012 B Bonds. Series 2012 B 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 2012 B Bond, there shall be issued at the option of the Holder or the transferee another Series 2012 B 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 2012 B 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 2012 B Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Series 2012 B 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 2012 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2012 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series

2012 B Bonds, the initial exchange of Series 2012 B Bonds and exchanges of Series 2012 B Bonds in the event of partial redemption of fully registered Series 2012 B 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 2012 B 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 2012 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 B 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 2012 B Bond of like series, maturity and principal amount as the Series 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2012 B 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 2012 B Bonds be at any time found by any one, and such duplicate Series 2012 B 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 2012 B 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 2012 B 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 2012 B 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 2012 B Bonds Sinking Fund, as will exhaust as nearly as practicable such Series 2012 B Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2012 B Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Original Purchaser and the registered owner of the Series 2012 B 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 2012 B Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2012 B Bonds shall also be sent to registered securities depositories.

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

(1) The Redemption Date;

(2) The Redemption Price;

(3) If less than all outstanding Series 2012 B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2012 B Bonds, as appropriate, to be redeemed;

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Series 2012 B 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 2012 B 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 2012 B Bonds.

If funds sufficient to redeem all Series 2012 B 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 2012 B Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2012 B Bonds or portions of Series 2012 B 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 2012 B Bonds or portions of Series 2012 B Bonds shall cease to bear interest. Upon surrender of such Series 2012 B Bonds for redemption in accordance with said notice, such Series 2012 B 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 2012 B 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 2012 B Bond. All Series 2012 B 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 2012 B Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Series 2012 B Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Series 2012 B Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

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

Section 3.10. Authorization of Bonds. For the purposes of paying costs of acquisition and construction of the Project, funding the Series 2012 B Bonds Reserve Account, paying capitalized interest on the Series 2012 B Bonds and paying costs in connection therewith, there shall be issued the Series 2012 B Bonds of the Issuer, in an aggregate principal amount of not more than $8,500,000. The Series 2012 B shall be designated "Water Revenue Bonds, Series 2012 B (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 2012 B Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2012 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2012 B Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Series 2012 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2012 B Bonds, respectively, of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2012 B Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2012 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2012 B Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2012 B Bond, or any other evidence of ownership of the Series 2012 B Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2012 B Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2012 B Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Resolution, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2012 B Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2012 B Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Resolution. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2012 B Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2012 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2012 B Bonds so redeemed, but DTC may return such Series 2012 B Bonds and make an appropriate notation on the Series 2012 B 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 2012 B Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2012 B Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2012 B Bonds, selecting the Series 2012 B Bonds, or portions thereof, to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 2012 B Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be

affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2012 B Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2012 B Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2012 B Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2012 B Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2012 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2012 B Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2012 B Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 2012 B Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2012 B Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 2012 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2012 B Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2012 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 B Bonds to the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2012 B Bonds by Bond Counsel; and

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

Section 3.13. Form of Bonds. The definitive Series 2012 B Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2012 B BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2012 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2012 B Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds.

Upon the issuance and delivery of the Series 2012 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2012 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2012 B Bonds Sinking Fund and applied to payment of interest on the Series 2012 B Bonds at the first interest payment date.

2. An amount of proceeds of the Series 2012 B Bonds equal to the amount of Capitalized Interest for the Capitalized Interest Period shall be deposited in the Series 2012 B Bonds Capitalized Interest Fund. All funds on deposit in the Series 2012 B Bonds Capitalized Interest Fund shall be applied during the Capitalized Interest Period to the payment of accrued interest on the Series 2012 B Bonds at the first interest payment date. Any monies remaining on deposit in the Series 2012 B Bonds Capitalized Interest Fund on July 31, 2013 shall be transferred to the Series 2012 B Bonds Sinking Fund and applied ratably to the payment of debt service on the Series 2012 B Bonds.

3. An amount of the proceeds of the Series 2012 B Bonds equal to the Series 2012 B Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2012 B Bonds Reserve Account, provided that, to the extent the Series 2012 B 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 2012 B Bonds shall be used to purchase said reserve account letter of credit, surety bond or other credit facility and proceeds of the Series 2012 B Bonds shall be deposited in the Series 2012 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2012 B Bonds Reserve Requirement.

4. An amount of the proceeds of the Series 2012 B Bonds which shall be sufficient to pay the costs of issuance of the Series 2012 B 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 2012 B 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 2012 B Bonds Construction Fund.

5. The balance of proceeds of the Series 2012 B Bonds, not used for any of the purposes set forth above, shall be deposited in the Series 2012 B 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 2012 B Bonds Construction Fund. Disbursements from the Series 2012 B Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2012 B 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 2012 B 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 2012 B Bonds as "Qualified Tax-Exempt Obligations." The Issuer hereby designates the Series 2012 B Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code and the Issuer covenants that the Series 2012 B Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and the Issuer reasonably anticipates 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 2012 B Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2012, 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 2012 B Bonds Construction Fund;

(4) Series 2012 B 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 2012 B Bonds Capitalized Interest Fund;

(2) Series 2012 B Bonds Sinking Fund;

(3) Series 2012 B Bonds Redemption Account; and

(4) Series 2012 B 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 2012 B Bonds, for deposit in the Series 2012 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2012 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 B Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2012 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2012 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2012 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2012 B Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Sinking Funds, the amounts required by the Prior Resolutions to pay the principal of the First Lien Bonds; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2012 B Bonds, for deposit in the Series 2012 B Bonds Sinking Fund, and in the Series 2012 B Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2012 B Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 B Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2012 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts, the amounts required under the Prior Resolutions to fund the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2012 B Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2012 B Bonds Reserve Account below the Series 2012 B Bonds Reserve Requirement or any withdrawal from the Series 2012 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2012 B 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 2012 B Bonds Reserve Account is less than the Series 2012 B Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2012 B Bonds Reserve Account for deposit into the Series 2012 B Bonds Sinking Fund. To the extent Net Revenues and any other

legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2012 B Bonds Reserve Account to an amount equal to the Series 2012 B 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 2012 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 B 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 Bond 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 Bond Commission for deposit in the Reserve Account for Second Lien Bonds the amount required under the Prior Resolutions.

Monies in the Series 2012 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2012 B Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the Series 2012 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2012 B Bonds when due, when amounts in the Series 2012 B Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Issuer shall not be required to make any further payments into the Series 2012 B Bonds Sinking Fund or the Series 2012 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series 2012 B Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2012 B Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2012 B Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirements therefor.

The payments into the Series 2012 B Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

The Issuer shall restore any withdrawals from the Series 2012 B Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2012 B 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 2012 B 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 2012 B Bonds Sinking Fund and the Series 2012 B 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 2012 B 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 2012 B Bonds Reserve Account, pro rata, to the Series 2012 B Bonds Sinking Fund, any earnings on the monies deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2012 B Bonds Reserve Account an amount at least equal to the Series 2012 B 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 2012 B Bonds Reserve Account, whereupon such account shall be valued immediately after such withdrawal.

(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 2012 B 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 2012 B 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 2012 B Bonds in such manner and to such extent as may be necessary, so that the Series 2012 B 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 2012 B Bonds) so that the interest on the Series 2012 B Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2012 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2012 B Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect, with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2012 B Bonds from gross income for federal income tax purposes.

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

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2012 B Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 2012 B Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 B Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 B Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any of the provisions or limitations of the constitution but shall be payable solely from the Net Revenues of the System, the monies in the Series 2012 B Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2012 B Bonds or monies in the Series 2012 B Bonds Capitalized Interest Fund and Series 2012 B Bonds Construction Fund, all as herein provided. No Holder or Holders of the Series 2012 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2012 B Bonds, or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Series 2012 B Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with 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 2012 B Bonds herein authorized, and to make the payments into the Series 2012 B Bonds Sinking Fund, the Series 2012 B 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 2012 B Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any fiscal year for payment of principal of and interest on the Series 2012 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2012 B 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 2012 B Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2012 B Bonds, immediately be remitted to the Bond Commission for deposit in the Series 2012 B 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 2012 B Bonds. Any balance remaining after the payment of the Series 2012 B Bonds and interest thereon shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $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 2012 B Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2012 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2012 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2012 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2012 B Bonds and the interest thereon, if any, in this Resolution, or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 B Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2012 B Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by an Independent Certified Public Accountant reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 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 2012 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2012 B Bonds.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2012 B 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 of 1931, as amended, 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 2012 B 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 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 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 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 2012 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2012 B Bonds, pro rata, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds, and senior and prior to the lien in favor of the Holders of the Second Lien Bonds.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2012 B Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2012 B Bonds during the term thereof is, under the terms of the Series 2012 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of

property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2012 B Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2012 B Bonds during the term thereof is, under the terms of the Series 2012 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2012 B Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2012 B Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2012 B Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2012 B Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2012 B Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2012 B Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

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 2012 B Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2012 B Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Series 2012 B Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder;

(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.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder 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 2012 B 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 2012 B Bonds shall be on a parity with one another and also on parity with those of the Holders of the First Lien Bonds, and senior and prior to those of the Holders of the Second Lien Bonds.

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder 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 2012 B 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 2012 B 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.

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 2012 B Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 2012 B Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2012 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2012 B Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this

Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

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

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2012 B Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2012 B Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2012 B Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer, 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 2012 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2012 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer 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 2012 B Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2012 B Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

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

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 2012 B Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2012 B Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2012 B Bonds from gross income for federal income tax purposes.

The Series 2012 B Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2012 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2012 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or 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 2012 B Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2012 B 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 2012 B Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2012 B Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. Prior to issuance of the Series 2012 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 B Bonds, this Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. 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 2012 B Bonds then Outstanding and affected thereby, 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 2012 B Bonds without the express written consent of the Holder of each Series 2012 B Bond so affected, nor reduce the percentage of Series 2012 B Bonds required for consent to any such modification or amendment.

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

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

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

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

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

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

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

Section 10.05. Failure to Present Bonds. Anything in this Resolution to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the

Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

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 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
700 Walnut Street, Suite 600
Cincinnati, Ohio 45202
Attention: Senior Vice President

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 2012 B Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements

contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 B Bonds and the Original Purchaser.

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

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

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

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

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

[*Signatures appear on following page(s)*]

Adopted this 26th day of November, 2012.

_____

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 26th day of November, 2012.

Dated this ____ day of _____, 2012.

[SEAL]

_____
Secretary

EXHIBIT A - SERIES 2012 B 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. BR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BOND, SERIES 2012 B 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 June 1 and December 1, in each year, beginning June 1, 2013 (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 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 _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Berkeley County Public Service District Water Revenue Bonds, Series 2012 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2012, 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 2012 B Bonds (as hereinafter defined); (iii) to pay capitalized interest; and (iv) to pay certain costs of issuance of the Series 2012 B Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on November 26, 2012, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on November 26, 2012 (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:

(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 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"); (viii) 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"); (ix) Water Revenue Bonds, Series 2006, dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (x) Water Revenue Bonds, Series 2007, dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds"); (xi) Water Revenue Bonds, Series 2008 (Bank Qualified) (the "Series 2008 Bonds"), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000; (xii) Water Revenue Bonds, Series 2009 (Bank Qualified, (the "Series 2009 Bonds"), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000; and Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified) (the "Series 2012 A Bonds"), dated December __, 2012, and issued in the original aggregate principal amount of $_____.

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 B Bonds, the Series 2003 C Bonds, the Series 2004 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2009 Bonds and the Series 2012 A 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 Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after December 1, 20__, are subject to redemption prior to maturity, on or after December 1, 20__, at the option of the Issuer, in whole or in part, on any Business Day, in order of maturity selected by the District and by lot within a maturity in multiples of $5,000, from any moneys

available for such purpose, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

(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

* 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 2012 B 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 2012 B 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 and capitalized 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 2012 B 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: _____, 2012.

_____,
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: _____, 20__.

_____

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.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

WATER REVENUE BONDS, SERIES 2012 B
(BANK QUALIFIED)

BOND RESOLUTION

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APPENDIX E

[Form of Continuing Disclosure Certificate]

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE
$7,800,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BONDS
SERIES 2012 B
(BANK QUALIFIED)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Berkeley County Public Service District ("District"), and is being delivered to Ross, Sinclaire & Associates, LLC (the "Underwriter") in connection with the issuance by the District of its $7,800,000 in aggregate original principal amount of its Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "2012 B Bonds"). The Underwriter is the initial purchaser of the 2012 B Bonds. The 2012 B Bonds are being issued pursuant to a Resolution enacted by the District on November 26, 2012 (the "Resolution"). Certain terms are defined in Section 10 hereof.

The District undertakes and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Bondholders and in order to assist the Underwriter in complying with the Rule.

SECTION 2. Annual Information and Audited Financial Statements. Subject to the provisions of Section 12 hereof, the District agrees to provide or cause to be provided to the MSRB through its Electronic Municipal Market Access (EMMA) system at http://emma.msrb.org in a format required by the MSRB:

(a) Annual Information for the preceding Fiscal Year not later than the Filing Date for each Fiscal Year; and

(b) Audited Financial Statements for the preceding Fiscal Year not later than the later of the Filing Date for each Fiscal Year or promptly after becoming available to the District.

Any or all of the items listed above may be included by specific reference to other documents; *provided, that* if the document included by reference is not a final official statement, it must have been provided previously to the MSRB or the Securities and Exchange Commission, and if the document included by reference is a final official statement, it must be available from the MSRB.

SECTION 3. Notice of Listed Events and Failure to Provide Annual Information. The District agrees to provide or cause to be provided the following information to the MSRB, in a timely manner:

(a) notice of the occurrence of any of the Listed Events with respect to the 2012 B Bonds within ten (10) business days of the occurrence of such Listed Event; and

(b) notice of its failure to provide or cause to be provided the Annual Information on or before the applicable Filing Date.

Notwithstanding the foregoing, notice of Listed Events consisting of bond calls or defeasances need not be given pursuant to this Section 3 any earlier than the date on which notice of the underlying event is given to the registered owners of affected 2012 B Bonds pursuant to the Resolution, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event; is not required if the terms of the redemption pursuant to which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which 2012 B Bonds will be redeemed in the case of a partial redemption.

SECTION 4. Termination of Reporting Obligation. The obligations of the District pursuant to this Disclosure Certificate will terminate at such time as no 2012 B Bonds remain Outstanding (within the meaning of the Resolution), all of the 2012 B Bonds have been legally defeased, redeemed or paid in full or the Rule is no longer applicable to the 2012 B Bonds. The District will give prompt notice to the MSRB if this Section becomes applicable.

SECTION 5. Dissemination Agent. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations pursuant to this Disclosure Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The initial Dissemination Agent is the District.

SECTION 6. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived; if:

(a) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (within the meaning of the Rule) with respect to the 2012 B Bonds, or the type of business conducted;

(b) this Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of counsel of national reputation selected by the District and experienced in bond or Federal securities law, have complied with the requirements of the Rule at the time of the original issuance of the 2012 B Bonds, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by the registered owners of the 2012 B Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of registered owners of the 2012 B Bonds, or (ii) does not materially impair the interests of the Bondholders in the opinion of counsel of national reputation experienced in bond or Federal securities law unaffiliated with the District, but which may be selected by the District, or as determined by another party unaffiliated with the District, but which may be selected by the District.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate will be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Information or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any such other information in any Annual Information or notice of the occurrence of any Listed Event or any other event, in addition to that which is specifically required by this Disclosure Certificate, the District will have no obligation pursuant to this Disclosure Certificate to update the information or include it in any future Annual Information or notice of the occurrence of any Listed Event.

SECTION 8. Failure to Perform. Any Bondholder may enforce the District's obligation to provide or cause to be provided information or notice pursuant to this Disclosure Certificate by commencing an action for specific performance in a court of competent jurisdiction to compel the District to provide or cause to be provided such information or notice; provided, however, that as a condition precedent to commencing any such action, a Bondholder must first provide at least thirty (30) days prior written notice to the District of its failure to perform, giving reasonable detail of such failure, following which notice the District will have 30 days to perform. Failure by the District to perform its obligations pursuant to this Disclosure Certificate will not be deemed an event of default with respect to the 2012 B Bonds or the Resolution or any other agreement or document and the sole remedy pursuant to this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate will be an action to compel performance.

SECTION 9. Beneficiaries. This Disclosure Certificate is solely for the benefit of the District and the Bondholders from time to time, and will create no rights in any other person or entity.

SECTION 10. Definitions. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms will have the following meanings:

(a) *"Annual Information"* means the financial information (which shall be based on financial *statements* prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the State, provided at least annually, of the type included in APPENDIX B, entitled "Audited Financial Statements for Fiscal Year Ended June 30, 2011," which Annual Financial information shall include Audited Financial Statements if available on the due date set forth herein, and, if not available, unaudited financial statements.

In addition to the information described above, (A) if any part of the Annual Information described in (1) can no longer be generated because the operations to which it relates have been materially changed or discontinued, the District will include a statement to that effect as part of the Annual Information for the year in which the change or discontinuation occurs, and (B) the Annual Information for the year in which any amendment or waiver of a provision of this Disclosure Certificate occurs will describe and explain the amendment or waiver, the reason for it and its impact on the type of information being provided, and if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made will present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(b) *"Audited Financial Statements"* means the audited annual Financial Statements of the State.

(c) *"Bondholder"* means a beneficial owner of a 2012 Bond, with beneficial ownership determined on a basis consistent with the provisions of Rule 13d-3 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or, if those provisions do not adequately address the situation in question (in the opinion of counsel of national reputation experienced in bond or Federal securities law selected by the District), with beneficial ownership determined on the basis of ownership for Federal income tax purposes. Any assertion of beneficial ownership must be established by evidence in writing with full documentary support filed with the District.

(d) *"Dissemination Agent"* initially means the District and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

(e) *"District"* means the Berkeley County Public Service District.

(f) *"Filing Date"* means not later than nine months following the end of each Fiscal Year, beginning March 31, 2013.

(g) *"Financial Statements"* means annual financial statements of the State prepared in conformity with generally accepted accounting principles as reflected in the governmental accounting standards promulgated from time to time by the Government Accounting Standards Board of the American Institute of Certified Public Accountants.

(h) *"Fiscal Year"* means each fiscal year of the District, commencing with the fiscal year that began July 1, 2012, and ends on June 30, 2013.

(i) *"Listed Events"* means any of the following events:

i) principal and interest payment delinquencies;

ii) non-payment related defaults, if material*;

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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material* notices or determinations with respect to the tax status of the 2012 B Bonds, or other material* events affecting the tax status of the 2012 B Bonds;

vii) modifications to rights of holders of the 2012 B Bonds, if material*;

* *"Materiality" will be determined in accordance with the applicable Federal securities laws.*

viii) bond calls, if material*, and tender offers;

ix) defeasances;

x) release, substitution, or sale of property securing repayment of the 2012 B Bonds, if material*;

xi) rating changes;

xii) bankruptcy, insolvency, receivership or a similar event of the District;

xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material*; and

xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material*.

(j) *"MSRB"* means the Municipal Securities Rulemaking Board.

(k) *"Official Statement"* means the final Official Statement dated December 13, 2012, with respect to the initial offering of the 2012 B Bonds.

(l) *"Participating Underwriter"* means each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the 2012 B Bonds, including Ross, Sinclaire & Associates, LLC.

(m) *"Rule"* means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, as applicable to the 2012 B Bonds.

(n) *"State"* means the State of West Virginia.

SECTION 11. Governing Law: Forum. This Disclosure Certificate will be governed by the law of the State. Any action to enforce this Disclosure Certificate against the District may be brought only in a State court located in Berkeley County, West Virginia.

* *"Materiality" will be determined in accordance with the applicable Federal securities laws.*

Dated: December 20, 2012

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

By:_____
Chairman

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
Water Revenue Bonds, Series 2012 B
(Bank Qualified)

RULE 15c2-12 CERTIFICATE

On this 20th day of December, 2012, the undersigned hereby certifies and represents to Ross, Sinclaire & Associates, LLC (the "Original Purchaser") that they are the duly elected or appointed, as applicable, qualified and acting Chairman and Secretary of the Berkeley County Public Service District (the "Issuer") authorized to execute and deliver this Certificate and further certifies on behalf of the Issuer to the Original Purchaser as follows:

(1) This Certificate is delivered to enable the Original Purchaser to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of the Berkeley County Public Service District's Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated _____, 2012, setting forth information concerning the Bonds and the Issuer (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms depending on such matters, all with respect to the Bonds and any underlying obligations.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final Bond Purchase Agreement, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall promptly notify the Original Purchaser thereof.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, we have hereunto set our hands as of the day and year first written above to this Rule 15c2-12 Certificate.

Chairman

Secretary

6142122

$7,800,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED)

BOND PURCHASE AGREEMENT

December 13, 2012

Berkeley County Public Service District
83 Monroe Street
Martinsburg, WV 25404

Ladies and Gentlemen:

Ross, Sinclaire and Associates, LLC (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the Berkeley County Public Service District (the "District"). This offer is made subject to acceptance and execution of this Purchase Agreement by the District prior to 11:59 p.m., local prevailing time on the date hereof, or until withdrawn by the Underwriter upon written notice to the District as permitted herein, whichever shall occur earlier. Upon such acceptance and approval, as evidenced by the signature of the Chairman of the District 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 District 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 the Resolution.

1. The Berkeley County Public Service District (West Virginia) Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "Bonds") are being issued, along with other available funds, to: (i) to finance the costs of acquisition or construction of additions, betterments and improvements to the existing waterworks of the District; (ii) to pay capitalized interest; (iii) to fund the Series 2012 B Bonds Reserve Account; and (iv) pay certain costs of issuance of the Bonds and related costs.

The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the Bond Resolution adopted by the Board of the District on November 26, 2012 (the "Resolution") and as supplemented by a Supplemental Parameters Resolution on November 26, 2012 (collectively, the "Resolution"). The Bonds shall be secured by the net revenues collected by the District from the operation of its water system

(the "System) and the Series 2012 B Bonds Reserve Account on parity with the District's Prior Bonds.

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 District, and the District agrees to sell to the Underwriter, the Bonds, at an aggregate purchase price of $7,590,690.40 ($7,800,000 minus Underwriter's discount of $51,237.50 and minus a net original issue discount of $158,072.10).

The Bonds shall mature on the dates and in the amounts, and shall bear interest from their date (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if the Bond is called for prior redemption and payment on such date is provided for, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2013, as more fully described on Exhibit A-1 attached hereto and incorporated herein by reference.

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering prices as set forth in the Official Statement (as hereinafter defined) and in Exhibit A-1, which prices may be changed from time to time by the Underwriter.

2. Concurrently with the acceptance of this Purchase Agreement by the District, the District shall deliver or cause to be delivered to the Underwriter three copies of the Official Statement relating to the Bonds, substantially in the form of the Preliminary Official Statement, dated December 5, 2012 (the "Preliminary Official Statement") and prior to delivery of the Bonds, seven copies of the Official Statement (the "Official Statement") dated the date of this Purchase Agreement, signed on behalf of the District by its Chairman as requested below.

3. The Official Statement has been approved for distribution by the Resolution. The District authorizes the use of copies of the Official Statement and the Resolution in connection with the public offering and sale of the Bonds.

On December 5, 2012, the District delivered to the Underwriter the Preliminary Official Statement and the Underwriter received a certificate from the District which deemed the Preliminary Official Statement "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. The District shall deliver or cause to be delivered to the Underwriter, after the

acceptance by the District of this Purchase Agreement, and within the time required by Rule 15c2-12, an adequate number of copies of the Official Statement.

Unless otherwise notified in writing by the Underwriter on or prior to the date of Closing, the "End of the Underwriting Period" for the Bonds for all purposes of Rule 15c2-12 is the date of the Closing, as hereinafter defined. In the event such notice is given in writing by the Underwriter, the Underwriter agrees to notify the District in writing following the occurrence of the End of the Underwriting Period for the Bonds as defined in Rule 15c2-12.

The District covenants and agrees that if, after the date of this Purchase Agreement and until after the End of the Underwriting Period (as determined above), any event shall occur of which the District has actual knowledge as a result of which it is necessary to amend or supplement the Official Statement to make the Official Statement not misleading in any material respect in light of the circumstances then existing, or if it is necessary to amend or supplement the Official Statement to comply with law, to notify the Underwriter (and for the purposes hereof to provide the Underwriter with such information as they may from time to time reasonably request), and to cooperate in the preparation of a reasonable number of copies of either amendments or supplements to the Official Statement (in form and substance satisfactory to the Underwriter and its counsel) at the expense of the District so that the Official Statement as so amended and supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading in any material respect.

For the purposes of this paragraph and for only so long as required by this paragraph, the District will furnish such information with respect to itself as the Underwriter from time to time reasonably requests. The Underwriter hereby agrees that it will deposit or cause to be deposited with the Municipal Securities Rulemaking Board a copy of the Official Statement at or prior to the time contemplated by Rule 15c2-12.

The Underwriter acknowledges and agrees that any liability of the District that may arise from its representations and agreements made in this paragraph 3 shall be limited to the proceeds of the Bonds (provided that the foregoing shall not be deemed to prevent the Underwriter or the District from seeking to enforce such agreements).

4. At 10:00 a.m. prevailing time, on December 20, 2012, or such other dates as shall be agreed upon by the parties to this Purchase Agreement (the "Closing"), the District will deliver or cause to be delivered to the Underwriter, (a) the Bonds in the form of

one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), duly executed by the District 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 Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available funds to the order of the Depository Bank, for the account of the District. Such delivery shall be made at DTC, with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The Bonds shall be made available to the Underwriter at DTC at least forty-eight (48) hours before the Closing for the purpose of inspection and packaging; provided that if DTC Fast delivery is used, then the Bonds shall be made available to the Registrar by 4:00 p.m. on December 18, 2012. If the District does not have a Blanket DTC Letter of Representation (the "DTC Letter of Representations"), the District agrees to provide one to DTC.

5. The District represents and warrants to the Underwriter and agrees that:

(a) The District is a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State. The 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");

(b) The District shall have complied and will comply at each Closing in all respects with all applicable statutes and laws, including the Act;

(c) The District has full legal right, power and authority to issue bonds for purposes provided in the Resolution and to enter into this Purchase Agreement, to enact the Resolution and to issue, sell and deliver the 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 dated December 5, 2012, and in the Official Statement, is and, as of the Closing Date (as hereinafter defined), 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 District's acceptance hereof and (unless an event occurs of the nature described in subparagraph (i)) 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 respective series of Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement does not and 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;

(f) If the Official Statement is supplemented or amended pursuant to subparagraph (i) 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 respective series of Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement 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 respective series of Bonds (as determined in accordance with subparagraph (k) hereof) any event shall occur which might or would cause the Official Statement, 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 District 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 Official Statement, the District will prepare and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment to the Official Statement in form and substance approved by the District 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 Official Statement;

(h) Prior to the District's acceptance hereof, the District delivered to the Underwriter copies of the Preliminary Official Statement which the District 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 District 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 paragraph (e);

(i) For purposes of this Purchase Agreement, the End of the Underwriting Period for the respective series of Bonds shall mean the earlier of (a) the day of the Closing unless the District has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the End of the Underwriting Period for the respective series of 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 District by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the District pursuant to clause (a) above that the End of the Underwriting Period for the respective series of Bonds will not occur on the day of the Closing, the Underwriter agrees to notify the District in writing as soon as practicable following the "end of the underwriting period" for the respective series of Bonds for all purposes of the Rule;

(j) At or prior to the Closing, the District shall have duly authorized, executed and delivered a written continuing disclosure undertaking (an "Undertaking") which complies with the provisions of Rule 15c2-12(b)(5) and which shall be substantially in the form described in the Preliminary Official Statement;

(k) The District has duly authorized all necessary action to be taken by it for: (1) the issuance and sale of the Bonds upon the terms set forth herein, in the Resolution and in the Official Statement; (2) the execution and delivery of the Resolution and the Undertaking; (3) the approval of the Official Statement and the execution, distribution and delivery of the Official Statement by the Chairman of the District; (4) the execution, delivery, receipt and due performance of this Purchase Agreement, the Bonds, the Undertaking, the Resolution and any and all such other agreements and documents as may be required to be executed, delivered and received by the District in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (5) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Resolution and the Official Statement;

(l) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding obligations of the District payable solely from the Net Revenues of the System and moneys pledged therefor

under the Resolution and will be entitled to the benefit of the Resolution. Neither the credit nor the taxing power of the District shall be deemed to be pledged to, nor shall a tax ever be levied for the payment of the principal of, premium, if any, or the interest on the Bonds;

(m) 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 our knowledge, threatened against or affecting the District (or, to our knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Bonds, the Resolution, the Undertaking, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated hereby or by the Official Statement or the validity of the Bonds, the Resolution, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement;

(n) The execution and delivery of the Official Statement, this Purchase Agreement, the Bonds, the Undertaking, the Resolution and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the District'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 District is subject or by which the District is or may be bound, and to our 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 District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certifications may not be relied upon;

(p) All financial statements of the District included as a part of the Preliminary Official Statement and the Official Statement (the "Financial Statements"), fairly present the financial condition of the District's System 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 Preliminary Official Statement or the Official Statement, there has not been any material change in the long-term debt of the District or any material adverse change in the general affairs, management, financial position, or results of operations of the District's System and no material transactions or obligations other than in the ordinary course of business have

been entered into with respect to the System by the District, except as reflected in or contemplated by the Official Statement; and

(q) Any certificate signed by the Chairman of the District or any of the District's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein. It is understood that the representations, warranties and covenants by the District contained in this Section 5 and elsewhere in this Purchase Agreement shall not create any general obligation or liability of the District, and that any obligation or liability of the District hereunder or under the Resolution will be payable solely out of the Net Revenues and other income, charges and moneys derived by the District from, or in connection with the System, nor shall any member, official or employee of the District be personally liable therefor.

6. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the District 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 the Closing, the Resolution and the Undertaking, 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 Bonds (such cancellation shall not constitute a default hereunder) by notifying the District in writing of their election to do so between the date hereof and each Closing Date, if at any time hereafter and prior to each 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 Bonds;

(ii) Any legislation, ordinance, 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 Bonds;

(iii) A stop order, ruling, regulation or official statement 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 Bonds, or the issuance, offering or sale of the Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, 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) Legislation shall be introduced by amendment or otherwise in, or be enacted by, the Congress of the United States, or a decision by a court of the United States shall be rendered to the effect that obligations of the general character of the Bonds, including all the underlying obligations, are not exempt from registration under or from other requirements of the Securities Act of 1933, as amended and as in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Resolution is not exempt from qualifications under or from other requirements of the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement;

(v) 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 Preliminary Official Statement or the Official Statement or the Underwriter shall have determined that the Preliminary Official Statement or 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 made, in light of the circumstances under which they were made, not misleading;

(vi) A general banking moratorium shall have been established by Federal, New York State or West Virginia authorities;

(vii) Any proceeding shall be pending, or to the knowledge of the District, threatened, to restrain, enjoin, or otherwise prohibit the issuance, sale, or delivery of the Bonds by the District or the purchase, offering, sale, or distribution of the Bonds by the

Underwriter, or for any investigatory or other proceedings under any federal or state securities laws or the rules and regulations of the FINRA relating to the issuance, sale, or delivery of the Bonds by the District or the purchase, offering, sale, or distribution of the Bonds by the Underwriter;

(viii) In the reasonable opinion of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the 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 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 Bonds; or

(ix) There shall have been any materially adverse change in the affairs of the District; and

(c) At or prior to the Closing, the Underwriter and the District shall receive the following documents, in each case in form and substance satisfactory to us and our counsel:

(i) An opinion, dated the date of the Closing and addressed to the District, of Steptoe & Johnson PLLC, Bond Counsel, in substantially the form attached as Appendix C to the Official Statement, and an unqualified opinion of such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that such opinion addressed to the District may be relied upon by the Underwriter to the same extent as if such opinion were addressed to them;

(ii) A supplemental bond counsel opinion, dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, to the effect that (i) this Purchase Contract has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the District; (ii) the Bonds are not subject to the

registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (iii) the statements contained in the Official Statement under the caption "Tax Matters" are true and accurate in all material respects and presents a fair and accurate summary and description of the matters summarized and described under such caption; and (iv) the statements contained in the Official Statement under the captions "Security for the Series 2012 B Bonds," "The Series 2012 B Bonds" (except for the statements made under the sub-captions "Book-Entry Only System" with respect to The Depository Trust Company), "Status of Capacity Improvement Fees and Impact on Series 2007 Notes," "Appendix C – Proposed Form of Bond Counsel Opinion" and "Appendix D – Form of the Resolution," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Resolution, are complete and accurate and present a fair summary of the matters referred to therein;

(iii) An opinion, dated the date of Closing and addressed to the Underwriter, of Hoy Shingleton, Jr., Esq., counsel for the District, to the effect that (i) the District has complied with all requirements of the Act that must be satisfied upon and subsequent to issuance of the Bonds, (ii) any requirement as to legal matters as the Underwriter shall reasonably require, (iii) no litigation is pending, or to their knowledge, threatened in any court in any way affecting the existence of the District or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the District pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution or this Purchase Contract, or contesting the powers of the State with respect to the Bonds, the Resolution or this Purchase Contract or any transaction described in or contemplated by the Official Statement, (iv) that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement regarding the District of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the District, in light of the circumstances under which they were made, not misleading, and (v) the statements contained in the Official Statement under the caption "The System," "Litigation," and "Appendix A—Berkeley County, West Virginia Demographic Information," insofar as such statements contained under such caption purport to summarize certain matters set forth therein and certain provisions of the Resolution, are complete and accurate and present a fair summary of the matters referred to therein;

(iv) Two counterpart originals of a transcript of all proceedings relating to the authorization and issuance of the Bonds;

(v) An opinion, dated the date of the Closing and addressed to the Underwriter, of Jackson Kelly PLLC, Underwriter's Counsel, to the effect that this Purchase Contract has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the Underwriter;

(vi) An opinion, dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Disclosure Counsel, to the effect that (i) the Continuing Disclosure Certificate complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule; and (ii) that nothing has come to our attention that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(vii) A certificate, satisfactory to the Underwriter, of the Chairman of the District or any other of your duly authorized officers satisfactory to the Underwriter, dated as of the Closing, to the effect that: (i) you have duly performed all of your obligations to be performed at or prior to the Closing and that each of your representations and warranties contained herein are true as of Closing, (ii) you have authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Undertaking, 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 Official Statement, (iii) to your knowledge no litigation is pending, or to your knowledge threatened, to restrain or enjoin the collection of the Net Revenues, the pledge of the Net Revenues to the Bonds, the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Resolution, (iv) the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Resolution and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and your compliance with the provisions thereof will not conflict with or constitute on your 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 you are subject or by which you are or may be bound and (v) you are in compliance with all covenants in your outstanding resolutions which authorized bonds secured by the Net Revenues of the System;

(viii) Copies of this Purchase Agreement executed by the parties thereto;

(ix) An unappealable order of the Public Service Commission of West Virginia (the "PSC") approving the financing;

(x) Duly authorized and executed copies of the Undertaking, in substantially the form attached as Appendix E to the Official Statement and incorporated herein, which complies with the provisions of Rule 15c2-12(b)(5) in form and substance satisfactory to the Underwriter;

(xi) A certificate of the District executed by an authorized officer thereof, dated the Closing Date and in form and substance satisfactory to the Underwriter and counsel to the Underwriter, to the effect that the District is obligated by such Undertaking 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);

(xii) A certificate from Cox Hollida Price LLP, Certified Public Accountants, that the District has Net Revenues sufficient to meet the rate coverage requirements of the Resolution;

(xiii) A Certificate of the Registrar to the effect that all conditions precedent contained in the Resolution for the issuance of the Bonds have been met, and are entitled to the benefit and security of the Resolution;

(xiv) The Resolution, certified by the Secretary under the seal of the District, as having been duly adopted by the District and as being in full force and effect, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(xv) Evidence to the effect that the requirements of the Code have been satisfied by the filing of Internal Revenue Service Form 8038-G;

(xvi) Consent to use the District's audit in the Preliminary Official Statement from Cox Hollida Price LLP, Certified Public Accountants; and

(xvii) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or their counsel, Jackson Kelly PLLC, reasonably may deem necessary or advisable to evidence the truth and accuracy, as of the date hereof and as of the

date of the Closing, of the District's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the District on or prior to the date of the Closing of all agreements then to be performed and all conditions then to be satisfied by the District;

All of the opinions, letters, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter and to Jackson Kelly PLLC, counsel to the Underwriter.

If the District 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 the Underwriter and the District shall not 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.

7. The District acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's length, commercial transaction between the District and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor, consultant or fiduciary to the District; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the District with respect to this Bond Purchase Agreement and the discussions, undertakings and procedures leading thereto irrespective of whether the Underwriter, or any affiliate of the Underwriter, has provided other services or is currently providing other services to the District on other matters; (iii) the primary role of the Underwriter is to purchase or arrange for the placement of securities in an arm's length commercial transaction between the district, the Underwriter and the prospective purchaser, and the Underwriter has financial and other interests that differ from those of the District; (iv) the only contractual obligations the Underwriter has to the District with respect to the transactions contemplated hereby are set forth in this Bond Purchase Agreement; and (v) the District retained its own financial advisor in connection with the issuance of the Bonds and has consulted its own legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

8. The Underwriter shall be under no obligation to pay, and, if the Bonds are issued, the District shall pay or cause to be paid from the proceeds of the Bonds or other

funds of the District, any fees and expenses incident to the performance of the District's obligations hereunder including (i) all expenses in connection with the printing and distribution of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing, issuance and delivery of the Bonds; (iii) the fees and disbursements of Steptoe & Johnson PLLC, Bond Counsel and Disclosure Counsel; (iv) all advertising expenses in connection with the public offering of the Bonds; (v) the fees and disbursements of the Registrar including legal fees of legal counsel, if any; (vi) the fees and expenses of Counsel to the Underwriter; (vii) the fees and expenses of the accountant; and (viii) all other expenses and cost (including the fees and expenses of the District) for the authorization, issuance, sale and distribution of the Bonds.

9. The Underwriter shall pay from the underwriting spread all expenses incurred by it in connection with its public offering and distribution of the Bonds, including all out-of-pocket expenses, travel and other expenses and filing fees.

10. For so long as the Underwriter, or dealers or banks, if any, participating in the distribution of the Bonds, are offering the Bonds which constitute the whole or a part of their unsold participations, the District will: (a) not adopt any amendment of or supplement to the Official Statement 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 the Counsel to the District, such amendment or supplement is required to make the Official Statement not misleading, and (b) if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of Bond Counsel or Counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement 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 Official Statement (in form and substance satisfactory to the Counsel for the Underwriter) which will amend or supplement the Official Statement 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 therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. The expense of preparing such amendment or supplement shall be borne by the District. For the purposes of this paragraph, the District will furnish such information with respect to themselves as the Underwriter from time to time may request.

11. Neither the officials of the District nor its employees shall be personally liable for breach of any representation, agreement or warranty made by the District within this Purchase Agreement.

12. 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 District:

Berkeley County Public Service District
83 Monroe Street
Martinsburg , WV 25404
Attention: Chairman

To the Underwriter:

Ross, Sinclaire and Associates, LLC
700 Walnut Street, Suite600
Cincinnati, Ohio 45202

13. This Purchase Agreement is made solely for the benefit of the District 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 hereof. All agreements of the District 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 Bonds.

14. This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

15. 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 District. This Purchase Agreement shall become legally effective upon its acceptance by the District, as evidenced by the signature of the Chairman of the District in the space provided hereinafter therefor.

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Ross, Sinclaire and Associates, LLC

By: _____
Its: Nelson Taul, Managing Director

ACCEPTED AND APPROVED:

Berkeley County Public Service District

By: _____
Its: Chairman

{C2493396.1}

Ross, Sinclaire and Associates, LLC

By:_____
Its: _____

ACCEPTED AND APPROVED:

Berkeley County Public Service District

By: _____
Its: Chairman

EXHIBIT A-1

Series 2012 B Serial Bonds

Maturity Date	Amount	Interest Rate	Price	Yield	CUSIP No.
12/01/2028	$935,000	3.125%	98.452%	3.250%	084246GQ4
12/01/2029	$1,220,000	3.125%	97.741%	3.300%	084246GR2
12/01/2030	$1,260,000	3.125%	96.982%	3.350%	084246GS0
12/01/2031	$1,295,000	3.250%	97.916%	3.400%	084246GT8
12/01/2032	$1,340,000	3.250%	97.131%	3.450%	084246GU5

Series 2012 B Term Bonds

$50,000 1.000% Term Bonds due December 1, 2014 at 100.000% CUSIP: 084246GV3
$50,000 1.350% Term Bonds due December 1, 2016 at 100.000% CUSIP: 084246GW1
$50,000 2.000% Term Bonds due December 1, 2018 at 101.632% CUSIP: 084246GX9
$315,000 2.000% Term Bonds due December 1, 2020 at 99.271% CUSIP: 084246GY7
$325,000 2.500% Term Bonds due December 1, 2022 at 99.301% CUSIP: 084246GZ4
$360,000 3.000% Term Bonds due December 1, 2024 at 100.513% CUSIP: 084246HA8
$600,000 3.000% Term Bonds due December 1, 2027 at 98.221% CUSIP: 084246HB6

Optional Redemption

The Series 2012 B Bonds maturing on and after December 1, 2024, are subject to redemption prior to maturity, on or after December 1, 2022, at the option of the Issuer, in whole or in part, on any Business Day, in order of maturity selected by the District and by lot within a maturity in multiples of $5,000, from any moneys available for such purpose, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Series 2012 B Bonds maturing on December 1, 2014, December 1, 2016, December 1, 2018, December 1, 2020, December 1, 2022, December 1, 2024, and December 1, 2027 shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2012 B 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 of the years set forth below:

2014 Term Bonds

Year	Amount
2013	$25,000
2014*	$25,000

2016 Term Bonds

Year	Amount
2015	$25,000
2016*	$25,000

2018 Term Bonds

Year	Amount
2017	$25,000
2018*	$25,000

2020 Term Bonds

Year	Amount
2019	$155,000
2020*	$160,000

2022 Term Bonds

Year	Amount
2021	$160,000
2022*	$165,000

2024 Term Bonds

Year	Amount
2023	$170,000
2024*	$190,000

2027 Term Bonds

Year	Amount
2025	$190,000
2026	$200,000
2027*	$210,000

* Final maturity.

The principal amount of Series 2012 B Bonds maturing December 1, 2014, December 1, 2016, December 1, 2018, December 1, 2020, December 1, 2022, December 1, 2024, and December 1, 2027, delivered to or purchased by the Paying Agent shall reduce pro tanto the principal amount of Series 2012 B Bonds to be redeemed on the mandatory redemption date with such maturity next following such delivery or purchase.

$7,800,000
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REVENUE BONDS
SERIES 2012 B (BANK QUALIFIED)

CONTINUING DISCLOSURE CERTIFICATE

On this 20th day of December 2012, this Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Berkeley County Public Service District ("District"), and is being delivered to Ross, Sinclaire & Associates, LLC (the "Underwriter") in connection with the issuance by the District of its $7,800,000 in aggregate original principal amount of its Water Revenue Bonds, Series 2012 B (Bank Qualified) (the "2012 B Bonds"). The Underwriter is the initial purchaser of the 2012 B Bonds. The 2012 B Bonds are being issued pursuant to a Resolution, as supplemented, by the District on November 26, 2012 (the "Resolution"). Certain terms are defined in Section 10 hereof.

The District undertakes and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Bondholders and in order to assist the Underwriter in complying with the Rule.

SECTION 2. Annual Information and Audited Financial Statements. Subject to the provisions of Section 12 hereof, the District agrees to provide or cause to be provided to the MSRB through its Electronic Municipal Market Access (EMMA) system at http://emma.msrb.org in a format required by the MSRB:

(a) Annual Information for the preceding Fiscal Year not later than the Filing Date for each Fiscal Year; and

(b) Audited Financial Statements for the preceding Fiscal Year not later than the later of the Filing Date for each Fiscal Year or promptly after becoming available to the District.

Any or all of the items listed above may be included by specific reference to other documents; *provided, that* if the document included by reference is not a final official statement, it must have been provided previously to the MSRB or the Securities and Exchange Commission, and if the document included by reference is a final official statement, it must be available from the MSRB.

SECTION 3. Notice of Listed Events and Failure to Provide Annual Information. The District agrees to provide or cause to be provided the following information to the MSRB, in a timely manner:

(a) notice of the occurrence of any of the Listed Events with respect to the 2012 B Bonds within ten (10) business days of the occurrence of such Listed Event; and

(b) notice of its failure to provide or cause to be provided the Annual Information on or before the applicable Filing Date.

Notwithstanding the foregoing, notice of Listed Events consisting of bond calls or defeasances need not be given pursuant to this Section 3 any earlier than the date on which notice of the underlying event is given to the registered owners of affected 2012 B Bonds pursuant to the Resolution, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event; is not required if the terms of the redemption pursuant to which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which 2012 B Bonds will be redeemed in the case of a partial redemption.

SECTION 4. Termination of Reporting Obligation. The obligations of the District pursuant to this Disclosure Certificate will terminate at such time as no 2012 B Bonds remain Outstanding (within the meaning of the Resolution), all of the 2012 B Bonds have been legally defeased, redeemed or paid in full or the Rule is no longer applicable to the 2012 B Bonds. The District will give prompt notice to the MSRB if this Section becomes applicable.

SECTION 5. Dissemination Agent. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations pursuant to this Disclosure Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The initial Dissemination Agent is the District.

SECTION 6. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived; if:

(a) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (within the meaning of the Rule) with respect to the 2012 B Bonds, or the type of business conducted;

(b) this Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of counsel of national reputation selected by the District and experienced in bond or Federal securities law, have complied with the requirements of the Rule at the time of the original issuance of the 2012 B Bonds, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by the registered owners of the 2012 B Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of registered owners of the 2012 B Bonds, or (ii) does not materially impair the interests of the Bondholders in the opinion of counsel of national reputation experienced in bond or Federal securities law unaffiliated with the District, but which may be selected by the District, or as determined by another party unaffiliated with the District, but which may be selected by the District.

SECTION 7: Additional Information. Nothing in this Disclosure Certificate will be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Information or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any such other information in any Annual Information or notice of the occurrence of any Listed Event or any other event, in addition to that which is specifically required by this Disclosure Certificate, the District will have no obligation pursuant to this Disclosure Certificate to update the

information or include it in any future Annual Information or notice of the occurrence of any Listed Event.

SECTION 8. Failure to Perform. Any Bondholder may enforce the District's obligation to provide or cause to be provided information or notice pursuant to this Disclosure Certificate by commencing an action for specific performance in a court of competent jurisdiction to compel the District to provide or cause to be provided such information or notice; provided, however, that as a condition precedent to commencing any such action, a Bondholder must first provide at least thirty (30) days prior written notice to the District of its failure to perform, giving reasonable detail of such failure, following which notice the District will have 30 days to perform. Failure by the District to perform its obligations pursuant to this Disclosure Certificate will not be deemed an event of default with respect to the 2012 B Bonds or the Resolution or any other agreement or document and the sole remedy pursuant to this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate will be an action to compel performance.

SECTION 9. Beneficiaries. This Disclosure Certificate is solely for the benefit of the District and the Bondholders from time to time, and will create no rights in any other person or entity.

SECTION 10. Definitions. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms will have the following meanings:

(a) *"Annual Information"* means the financial information (which shall be based on financial *statements* prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the State, provided at least annually, of the type included in Appendix B, entitled "Audited Financial Statements for Fiscal Year Ended June 30, 2011," which Annual Financial information shall include Audited Financial Statements if available on the due date set forth herein, and, if not available, unaudited financial statements.

In addition to the information described above, (A) if any part of the Annual Information described in (1) can no longer be generated because the operations to which it relates have been materially changed or discontinued, the District will include a statement to that effect as part of the Annual Information for the year in which the change or discontinuation occurs, and (B) the Annual Information for the year in which any amendment or waiver of a provision of this Disclosure Certificate occurs will describe and explain the amendment or waiver, the reason for it and its impact on the type of information being provided, and if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made will present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(b) *"Audited Financial Statements"* means the audited annual Financial Statements of the State.

(c) *"Bondholder"* means a beneficial owner of a 2012 Bond, with beneficial ownership determined on a basis consistent with the provisions of Rule 13d-3 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or, if those provisions do not adequately address the situation in question (in the opinion of counsel of national reputation experienced in bond or Federal securities law selected by the District), with beneficial ownership determined on the basis of ownership for Federal income tax purposes. Any

assertion of beneficial ownership must be established by evidence in writing with full documentary support filed with the District.

(d) *"Dissemination Agent"* initially means the District and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

(e) *"District"* means the Berkeley County Public Service District.

(f) *"Filing Date"* means not later than nine months following the end of each Fiscal Year, beginning March 31, 2013.

(g) *"Financial Statements"* means annual financial statements of the State prepared in conformity with generally accepted accounting principles as reflected in the governmental accounting standards promulgated from time to time by the Government Accounting Standards Board of the American Institute of Certified Public Accountants.

(h) *"Fiscal Year"* means each fiscal year of the District, commencing with the fiscal year that began July 1, 2012, and ends on June 30, 2013.

(i) *"Listed Events"* means any of the following events:

i) principal and interest payment delinquencies;

ii) non-payment related defaults, if material*;

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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material* notices or determinations with respect to the tax status of the 2012 B Bonds, or other material* events affecting the tax status of the 2012 B Bonds;

vii) modifications to rights of holders of the 2012 B Bonds, if material*;

* *"Materiality" will be determined in accordance with the applicable Federal securities laws.*

viii) bond calls, if material*, and tender offers;

ix) defeasances;

x) release, substitution, or sale of property securing repayment of the 2012 B Bonds, if material*;

xi) rating changes;

xii) bankruptcy, insolvency, receivership or a similar event of the District;

xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material*; and

xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material*.

(j) *"MSRB"* means the Municipal Securities Rulemaking Board.

(k) *"Official Statement"* means the final Official Statement dated December 13, 2012, with respect to the initial offering of the 2012 B Bonds.

(l) *"Participating Underwriter"* means each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the 2012 B Bonds, including Ross, Sinclaire & Associates, LLC.

(m) *"Rule"* means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, as applicable to the 2012 B Bonds.

(n) *"State"* means the State of West Virginia.

SECTION 11. Governing Law: Forum. This Disclosure Certificate will be governed by the law of the State. Any action to enforce this Disclosure Certificate against the District may be brought only in a State court located in Berkeley County, West Virginia.

** "Materiality" will be determined in accordance with the applicable Federal securities laws.*

Dated on the day and year first written above.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

By: _____
Chairman

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-2487 04/99

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.

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.

$7,800,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Revenue Bonds, Series 2012 B (Bank Qualified)

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 20th day of December, 2012, 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 $7,800,000 aggregate principal amount of Water Revenue Bonds, Series 2012 B (Bank Qualified) in fully registered form (the "Series 2012 B Bonds"), pursuant to a Resolution adopted November 26, 2012 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 2012 B Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Agreement does appoint the Bank to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar, as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Series 2012 B 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 2012 B 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

8. The Bank is hereby requested and authorized to authenticate and deliver the Series 2012 B 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]

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

FEE SCHEDULE

UNITED BANK
WEST VIRGINIA'S BANK

I N V O I C E

Date: December 14, 2012

To: Berkeley County Public Service District

Re: Berkeley County Public Service District
Series 2012 B

Amount Due: $ 550.00

Acceptance Fee	$ 500.00
Annual Fee	$ 50.00
Total	$ 550.00

Please remit to United Bank
Corporate Trust Department
P. O. Box 393
Charleston, WV

WEST VIRGINIA
Water Development Authority
Celebrating 36 Years of Service ***1974 - 2012***

$7,800,000

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

Water Revenue Bonds, Series 2012 B (Bank Qualified)

December 20, 2012

CONSENT

In reliance upon the certificate of CoxHollidapPrice, 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 2012 B (Bank Qualified) (the "Series 2012 B Bonds"), in the original aggregate principal amount of $7,800,000, by Berkeley County Public Service District (the "Issuer"), under the terms of the Resolution authorizing the Series 2012 B 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

Sheila A. Miller

Authorized Representative

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

201 E. Burke Street
Martinsburg, WV 25401
Phone 304.263.0891
Toll Free 877.242.7278
Fax 304.263.0997

December 20, 2012

CONSENT OF CERTIFIED PUBLIC ACCOUNTANTS

Berkeley County Public Service District (West Virginia)
Water Refunding Revenue Bonds, Series 2012 B (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

Ross Sinclaire & Associates
Cincinnati, Ohio

Steptoe& Johnson PLLC
Charleston, West Virginia

We hereby consent to and ratify the use of our audit report dated October 4, 2012 regarding the Berkeley County Public Service District (the "District"), in the District's Preliminary Official Statement dated December 5, 2012 and the District's Official Statement dated December 13, 2012, including any amendments thereto, related to the above-referenced bonds.

We have not performed any procedures subsequent to the date of this consent.

CoxHollidaPrice LLP

By: Frederick Hollida
Its: Managing Partner

201 E. Burke Street
Martinsburg, WV 25401
Phone 304.263.0891
Toll Free 877.242.7278
Fax 304.263.0997

December 20, 2012

CONSENT OF CERTIFIED PUBLIC ACCOUNTANTS

Berkeley County Public Service District (West Virginia)
Water Refunding Revenue Bonds, Series 2012 B (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

Ross Sinclaire & Associates
Cincinnati, Ohio

Steptoe& Johnson PLLC
Charleston, West Virginia

We hereby consent to and ratify the use of our audit report dated October 4, 2012 regarding the Berkeley County Public Service District (the "District"), in the District's Preliminary Official Statement dated December 5, 2012 and the District's Official Statement dated December 13, 2012, including any amendments thereto, related to the above-referenced bonds.

We have not performed any procedures subsequent to the date of this consent.

CoxHollidaPrice LLP

By: Frederick Hollida
Its: Managing Partner

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 20-Dec-12

ISSUE: Berkeley County Public Service District
Water Revenue Bonds, Series 2012 B (Bank Qualified)

ADDRESS: P.O. Box 737 Martinsburg, West Virginia 25402 COUNTY: Berkeley

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 20-Dec-12

CLOSING DATE: 20-Dec-12

ISSUE AMOUNT: $ 7,800,000.00

RATE: See attached Debt Service Schedule

1ST DEBT SERVICE DUE: 6/1/2013

1ST PRINCIPAL DUE 1-Dec-13

1ST DEBT SERVICE AMOUNT $106,329.88

PAYING AGENT: West Virginia Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340.1318

CLOSING BANK:
Bank: West Virginia Municipal Bond Commission
Contact: Sara Rogers, Executive Director
Phone: (304) 558.3971

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Paul Fisher
Position: Executive Director, Berkeley County PSD
Phone: (304) 267.3855

OTHER:
Agency: Ross, Sinclaire & Associates, LLC
Contact: Nelson Taul
Position: Managing Director
Phone: (513) 381.3939

DEPOSITS TO MBC AT CLOSE
By:
____ Wire
____ Check

____ Accrued Interest: $
____ Capitalized Interest: $
____ Reserve Account: $
____ Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE
By:
____ Wire
____ Check
____ IGT

____ To Escrow Trustee $
____ To Issuer $
____ To Cons. Invest. Fun $
____ To Other: ____ $

NOTES: See Letter of Instruction of SWS Group of December 18, 2012

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

State of West Virginia

Certificate

I, Natalie E. Tennant, 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 2012 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
December 20, 2012

Natalie E Tennant

Secretary of State

ARTICLE 13A

PUBLIC SERVICE DISTRICTS

Section

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§ 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 insure 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.

Administrative Code References

Sewer utilities regulations, see W. Va. Code St. R. § 150-5-1 et seq.

Library References

Counties ⟹18.
Municipal Corporations ⟹5, 6.
Public Utilities ⟹145.
Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.
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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,

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, 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; Municipal Corporations ⟹ 712(7); Waters And Water Courses ⟹ 203(14)

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; Municipal Corporations ⟹ 225(1)

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

Public Utilities ⟹145.

Westlaw Topic No. 317A.

Cross References

Public Service Commission, participation in studies, see § 24–1–1b.

Library References

Counties ⇐18, 47.
Westlaw Topic No. 104.
C.J.S. Counties §§ 31, 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, enforce-

except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

(b) The petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if the territory is situated in more than one county, then the petition shall be filed in the office of the clerk of the county commission of the county in which the major portion of the territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of the county at the first regular meeting after the filing or at a special meeting called for the consideration thereof.

(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. Within ten days of fixing the date of hearing, the county commission shall provide the Executive Secretary of the Public Service Commission with a copy of the order or petition and notification of the time and place of the hearing to be held by the county commission. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three, 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

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: *Provided,* That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the Public Service Commission shall apply. The Commission shall at all times attempt to bring about the enlargement or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: *Provided, however,* That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the Secretary of State and the Public Service Commission by the first day of July of each year.

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.

Library References

Counties ⟹47.
Municipal Corporations ⟹6.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 70 to 73.
C.J.S. Municipal Corporations § 11.

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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); Statutes ⟹ 123(5)

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.

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.

years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the public service commission, within thirty days of the appointment, the following information: The new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board. The public service commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chair and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly.

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).

"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).

Library References

Counties ⟹18.
Municipal Corporations ⟹6.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.

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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

Library References

Counties ⟹45.
Public Utilities ⟹145.
Westlaw Topic Nos. 104, 317A.

C.J.S. Counties § 67.
C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

Notes of Decisions

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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; Judges ⟹ 21

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 continued 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

misconduct in the performance of their duties. The county commission which created a district or county commissions if more than one created the district may, upon written request of the district, adopt an order changing the official name of a public service district: *Provided,* That such name change will not be effective until approved by the public service commission of West Virginia and the owners of any bonds and notes issued by the district, if any, shall have consented, in writing, to the name change. If a district includes territory located in more than one county, the county commission or county commissions changing the name of the district shall provide any county commission into which the district also extends with a certified copy of the order changing the name of the district. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located.

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.

Library References

Counties ⟹68, 87.
Municipal Corporations ⟹161.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 107 to 118, 128.
C.J.S. Municipal Corporations §§ 372 to 390.

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. 63 W.Va. Op.Atty.Gen. 2 (July 14, 1988) 1988 WL 483329.

§ 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

possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years.

Acts 1953, c. 147; Acts 1967, c. 105; Acts 1981, c. 124; Acts 1982, c. 24; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⟹107.
Municipal Corporations ⟹711.
Public Utilities ⟹114.
Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 147.
C.J.S. Municipal Corporations § 1535.
C.J.S. Public Utilities §§ 5 to 9, 202 to 207.

§ 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

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); Statutes ⟹ 123(5)

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 ⟹ 2289

2. In general

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 ⟹ 2510

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); Waters And Water Courses ⟹ 201

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); Waters And Water Courses ⟹ 201; Waters And Water Courses ⟹ 202

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

(a)(1) The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management,

has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the public service commission may prescribe: *Provided,* That where the customer is a tenant, the district is not required to return the deposit until the time the tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The board may, under reasonable rules promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both, ten days after the water or gas services become delinquent.

(b) In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities either water or sewer, as the case may be, then the district and the publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: *Provided,* That any contracts entered into by a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district providing water and sewer service to its customers has the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer account: *Provided, however,* That any termination of water service must comply with all rules and orders of the public service commission.

(c) Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the division of health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any sewer facilities where sewage will flow by gravity or be transported by other methods approved by the division of health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use the sewer facilities and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from the houses, dwellings and buildings where

pal 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

The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ? John W. Fisher, II, 98 W. Va. L. Rev. 449 (1996).

"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).

Library References

Gas ⟹14.6.
Municipal Corporations ⟹712.
Waters and Water Courses ⟹203.
Westlaw Topic Nos. 190, 268, 405.

C.J.S. Gas §§ 64, 84 to 85.
C.J.S. Municipal Corporations § 1535.
C.J.S. Waters §§ 483, 666 to 732.

Notes of Decisions

Notice of availability of sewer service 5
Public service district liens 3
Rates and charges for service 4
Takings 2
Validity 1

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 ⟹ 4416; Municipal Corporations ⟹ 408(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. River-

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

Gas ⟹14.6.
Municipal Corporations ⟹712.
Waters and Water Courses ⟹203.
Westlaw Topic Nos. 190, 268, 405.

C.J.S. Gas §§ 64, 84 to 85.
C.J.S. Municipal Corporations § 1535.
C.J.S. Waters §§ 483, 666 to 732.

§ 16–13A–10. Budget

The board shall establish the beginning and ending of its fiscal year, which period shall constitute its budget year, and at least thirty days prior to the beginning of the first full fiscal year after the creation of the district and annually thereafter the general manager shall prepare and submit to the board a tentative budget which shall include all operation and maintenance expenses, payments to a capital replacement account and bond payment schedules for the ensuing fiscal year. Such tentative budget shall be considered by the board, and, subject to any revisions or amendments that may be determined by the board, shall be adopted as the budget for the ensuing fiscal year. Upon adoption of the budget, a copy of the budget shall be forwarded to the county commission. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the board.

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⟹154.5.
Municipal Corporations ⟹879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

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

§ 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

Counties ⟹174.
Municipal Corporations ⟹911.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1647 to 1649.

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

Counties ⟹183.
Municipal Corporations ⟹950(15).
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 222.
C.J.S. Municipal Corporations §§ 1708 to 1709.

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

§ 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

Counties ⟹186.5.
Municipal Corporations ⟹951.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1704 to 1705.

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–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

Counties ⟹114.
Municipal Corporations ⟹328.
Westlaw Topic Nos. 104, 268.

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 which the district operates; and (3) approval by the public service commission of West Virginia.

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

Counties ⟹175.
Municipal Corporations ⟹913.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1647 to 1648, 1651.

§ 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

Counties ⟹18.
Municipal Corporations ⟹5.
Taxation ⟹2316, 3519.
Westlaw Topic Nos. 104, 268, 371.
C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.

Notes of Decisions

In general 2
Validity 1

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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 ⟹ 4056; Municipal Corporations ⟹ 4

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

Library References

Counties ⟹18.
Municipal Corporations ⟹5.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.

§ 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

Counties ⟹47.
Municipal Corporations ⟹166.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 70 to 73.
C.J.S. Municipal Corporations §§ 369 to 371.

§ 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

(2) A contract with a public service district that does not require borrowing and that can be paid out of existing rates;

(3) A contract where the payment of engineering fees are contingent upon the receipt of funding, and commission approval of the funding, to construct the project which is the subject of the contract; or

(4) A contract that does not exceed fifteen thousand dollars.

(d) Requests for approval or waivers of engineering contracts shall be deemed granted thirty days after the filing date unless the staff of the Public Service Commission or a party files an objection to the request. If an objection is filed, the Public Service Commission shall issue its decision within one hundred twenty days of the filing date. In the event objection is received to a request for a waiver, the application shall be considered a request for waiver as well as a request for approval in the event a waiver is not appropriate.

(e) Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the Public Service Commission in accordance with the provision of chapter twenty-four 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.

Library References

Counties ⟹114.
Municipal Corporations ⟹270.
Public Utilities ⟹145.
Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 161.
C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

Research References

ALR Library

101 ALR 5th 287, Remedies for Sewage Treatment Plant Alleged or Deemed to be Nuisance.

Notes of Decisions

In general 1
Certificate of public convenience and necessity 2

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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

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Acts 1992, c. 150.

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Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

Chapter 16

2012
Cumulative Annual Pocket Part

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recovered by the sanitary board of the municipality in a civil action in the name of the municipality.

(j) Any municipality exercising the powers given herein has the authority to construct, acquire, improve, equip, operate, repair and maintain any plants, machinery or works necessary to comply with the order of the Secretary of the Department of Environmental Protection or the Environmental Quality Board and the authority provided herein to establish, maintain and collect rates, fees or charges is an additional and alternative method of financing such works and matters, and is independent of any other provision of this article insofar as the article provides for or requires the issuance of revenue bonds or the imposition of rates, fees and charges in connection with the bonds: *Provided,* That except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in compliance with an order of the Secretary of the Department of Environmental Protection or the Environmental Quality Board and the rights, powers and duties of the municipality and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article.

(k) The jurisdiction and authority provided by this section does not extend to highways, road and drainage easements and stormwater facilities constructed, owned or operated by the West Virginia Division of Highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

(*l*) A municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26, has the authority to enact ordinances or regulations which allow for the issuance of orders, the right to enter properties and the right to impose reasonable fines and penalties regarding correction of violations of municipal stormwater ordinances or regulations within the municipal watershed served by the municipal stormwater system, as long as such rules, regulations, fines or actions are not contrary to any rules or orders of the Public Service Commission.

(m) Notice of a violation of a municipal stormwater ordinance or regulation shall be served in person to the alleged violator or by certified mail, return receipt requested. The notice shall state the nature of the violation, the potential penalty, the action required to correct the violation and the time limit for making the correction. Should a person, after receipt of proper notice, fail to correct the violation of the municipal stormwater ordinance or regulation, the municipality may make or have made the corrections of the violation and bring the party into compliance with the applicable stormwater ordinance or regulation. The municipality may collect the costs of correcting the violation from the person by instituting a civil action, as long as such actions are not contrary to any rules or orders of the Public Service Commission.

(n) A municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community shall prepare an annual report detailing the collection and expenditure of rates, fees or charges and make it available for public review at the place of business of the governing body and the stormwater utility main office.

Acts 1955, c. 135; Acts 1967, c. 105; Acts 1994, c. 61; Acts 2001, c. 212, eff. 90 days after April 14, 2001; Acts 2008, c. 202, eff. March 8, 2008.

ARTICLE 13A

PUBLIC SERVICE DISTRICTS

Section

16–13A–7. Acquisition and operation of district properties.

16–13A–9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

16–13A–7.

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§ 16–13A–7. Acquisition and operation of district properties

The board of these districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same, including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities. All contracts involving the expenditure by the district of more than $25,000 for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three, chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the Constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years.

Acts 1953, c. 147; Acts 1967, c. 105; Acts 1981, c. 124; Acts 1982, c. 24; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2011, c. 147, eff. June 9, 2011.

§ 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 $50, 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 $50 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 $50. 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 $50 has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the Public Service Commission may prescribe: *Provided,* That where the customer is a tenant, the district is not required to return the deposit until the time the tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The board may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both, ten days after the water or gas services become delinquent. *Provided, however,* That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the board to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill.

(b) In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately water facilities, sewer facilities or stormwater facilities and the district owns and operates another kind of facility either water or sewer, or both, as the case may be, then the district and the publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer or stormwater 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 which provides water and sewer service, water and stormwater service or water, sewer and stormwater service has the right to terminate water service for delinquency in payment of water, sewer or stormwater 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 or stormwater district is providing water service and the district providing sewer or stormwater service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer or stormwater district that is providing water service, upon the request of the district providing sewer or stormwater service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer or stormwater account: *Provided, however,* That any termination of water service must comply with all rules and orders of the Public Service Commission. *Provided further,* That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the Public Service Districts to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill.

(c) Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the Division of Health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any sewer facilities where sewage will flow by gravity or

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be transported by other methods approved by the Division of Health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use the sewer facilities and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from the houses, dwellings and buildings where there is gravity flow or transportation by any other methods approved by the Division of Health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code and the houses, dwellings and buildings can be adequately served by the sewer facilities of the district and it is declared that the mandatory use of the sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of the districts and of the state. If the public service district requires the property owner to connect with the sewer facilities even when sewage from dwellings may not flow to the main line by gravity and the property owner incurs costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the Public Service District Board shall authorize the district to pay all reasonable costs for the changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump or any other method approved by the Division of Health. Maintenance and operation costs for the extra installation should be reflected in the users charge for approval of the Public Service Commission. The circuit court shall adjudicate the merits of the petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

(d) Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near the sewer facility and the engineer for the district has certified that the sewer facilities are available to and are adequate to serve the owner, tenant or occupant and sewage will flow by gravity or be transported by other methods approved by the Division of Health from the house, dwelling or building into the sewer facilities, the district may charge, and the owner, tenant or occupant shall pay, the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner, tenant or occupant. Rates and charges for sewage services shall be based upon actual water consumption or the average monthly water consumption based upon the owner's, tenant's or occupant's specific customer class.

(e) The owner, tenant or occupant of any real property may be determined and declared to be served by a stormwater system only after each of the following conditions is met: (1) The district has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26; (2) the district's authority has been properly expanded to operate and maintain a stormwater system; (3) the district has made available a stormwater system where stormwater from the real property affects or drains into the stormwater system; and (4) the real property is located in the Municipal Separate Storm Sewer System's designated service area. 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. An entity providing stormwater service shall provide a tenant a report of the stormwater fee charged for the entire property and, if appropriate, that portion of the fee to be assessed to the tenant.

(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. Nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the Public Service Districts to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill. 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 of this code, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the Department of Environmental Protection, as prescribed by section eleven of said article, is exempt from the provisions of this section.

(h) A public service district which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community shall prepare an annual report detailing the collection and expenditure of rates, fees or charges and make it available for public review at the place of business of the governing body and the stormwater utility main office.

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; Acts 2008, c. 202, eff. March 8, 2008; Acts 2010, c. 201, eff. June 11, 2010.

§ 16–13A–15. Bonds may be secured by trust indenture

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

ARTICLE 13D

REGIONAL WATER AND WASTEWATER AUTHORITY ACT

§ 16–13D–11. Bonds may be secured by trust indenture

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

ARTICLE 13E

COMMUNITY ENHANCEMENT ACT

Section
16–13E–2. Definitions.
16–13E–4. Petition for creation or expansion of community enhancement district; petition requirements.
16–13E–10a. Extension of vesting period for land development plans and plats; approval of phases.

§ 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

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November 20, 2012

Mr. Paul Fisher
Berkeley County Public Service District, WV
P.O. Box 737
Martinsburg, WV 24502

Dear Mr. Fisher:

We wish to inform you that on November 20, 2012, Moody's Investors Service reviewed and assigned a rating of

- **A3** to Berkeley County Public Service District, WV, Water Refunding Revenue Bonds, Series 2012A
- **A3** to Berkeley County Public Service District, WV, Water Revenue Bonds, Series 2012B

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure of current financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk.

In accordance with our usual policy, assigned ratings are subject to revision or withdrawal by Moody's at any time, without notice, in the sole discretion of Moody's. For the most current rating, please visit www.moodys.com.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Jennifer Diercksen at 212-553-4346.

Sincerely,

Julie Beglin
VP-Senior Analyst/Manager

cc: Brian Nurick
Southwest Securities, Inc.
1219 Assembly Street, Suite 202
Columbia, SC 29201

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/01/2013	-	-	106,329.88	106,329.88
12/01/2013	25,000.00	1.000%	118,878.13	143,878.13
06/01/2014	-	-	118,753.13	118,753.13
12/01/2014	25,000.00	1.000%	118,753.13	143,753.13
06/01/2015	-	-	118,628.13	118,628.13
12/01/2015	25,000.00	1.350%	118,628.13	143,628.13
06/01/2016	-	-	118,459.38	118,459.38
12/01/2016	25,000.00	1.350%	118,459.38	143,459.38
06/01/2017	-	-	118,290.63	118,290.63
12/01/2017	25,000.00	2.000%	118,290.63	143,290.63
06/01/2018	-	-	118,040.63	118,040.63
12/01/2018	25,000.00	2.000%	118,040.63	143,040.63
06/01/2019	-	-	117,790.63	117,790.63
12/01/2019	155,000.00	2.000%	117,790.63	272,790.63
06/01/2020	-	-	116,240.63	116,240.63
12/01/2020	160,000.00	2.000%	116,240.63	276,240.63
06/01/2021	-	-	114,640.63	114,640.63
12/01/2021	160,000.00	2.500%	114,640.63	274,640.63
06/01/2022	-	-	112,640.63	112,640.63
12/01/2022	165,000.00	2.500%	112,640.63	277,640.63
06/01/2023	-	-	110,578.13	110,578.13
12/01/2023	170,000.00	3.000%	110,578.13	280,578.13
06/01/2024	-	-	108,028.13	108,028.13
12/01/2024	190,000.00	3.000%	108,028.13	298,028.13
06/01/2025	-	-	105,178.13	105,178.13
12/01/2025	190,000.00	3.000%	105,178.13	295,178.13
06/01/2026	-	-	102,328.13	102,328.13
12/01/2026	200,000.00	3.000%	102,328.13	302,328.13
06/01/2027	-	-	99,328.13	99,328.13
12/01/2027	210,000.00	3.000%	99,328.13	309,328.13
06/01/2028	-	-	96,178.13	96,178.13
12/01/2028	935,000.00	3.125%	96,178.13	1,031,178.13
06/01/2029	-	-	81,568.75	81,568.75
12/01/2029	1,220,000.00	3.125%	81,568.75	1,301,568.75
06/01/2030	-	-	62,506.25	62,506.25
12/01/2030	1,260,000.00	3.125%	62,506.25	1,322,506.25
06/01/2031	-	-	42,818.75	42,818.75
12/01/2031	1,295,000.00	3.250%	42,818.75	1,337,818.75
06/01/2032	-	-	21,775.00	21,775.00
12/01/2032	1,340,000.00	3.250%	21,775.00	1,361,775.00
06/01/2033	-	3.250%	-	-
Total	**$7,800,000.00**	-	**$3,992,751.91**	**$11,792,751.91**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Debt Service Schedule

Yield Statistics

Bond Year Dollars	$127,923.33
Average Life	16.400 Years
Average Coupon	3.1212069%
Net Interest Cost (NIC)	3.2848280%
True Interest Cost (TIC)	3.3283824%
Bond Yield for Arbitrage Purposes	3.2749390%
All Inclusive Cost (AIC)	3.4521362%

IRS Form 8038

Net Interest Cost	3.3179363%
Weighted Average Maturity	16.371 Years

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	Cap. Interset	Net New D/S
06/01/2013	-	-	106,329.88	106,329.88	-	(106,329.88)	-
12/01/2013	25,000.00	1.000%	118,878.13	143,878.13	-	-	143,878.13
06/01/2014	-	-	118,753.13	118,753.13	-	-	118,753.13
12/01/2014	25,000.00	1.000%	118,753.13	143,753.13	-	-	143,753.13
06/01/2015	-	-	118,628.13	118,628.13	-	-	118,628.13
12/01/2015	25,000.00	1.350%	118,628.13	143,628.13	-	-	143,628.13
06/01/2016	-	-	118,459.38	118,459.38	-	-	118,459.38
12/01/2016	25,000.00	1.350%	118,459.38	143,459.38	-	-	143,459.38
06/01/2017	-	-	118,290.63	118,290.63	-	-	118,290.63
12/01/2017	25,000.00	2.000%	118,290.63	143,290.63	-	-	143,290.63
06/01/2018	-	-	118,040.63	118,040.63	-	-	118,040.63
12/01/2018	25,000.00	2.000%	118,040.63	143,040.63	-	-	143,040.63
06/01/2019	-	-	117,790.63	117,790.63	-	-	117,790.63
12/01/2019	155,000.00	2.000%	117,790.63	272,790.63	-	-	272,790.63
06/01/2020	-	-	116,240.63	116,240.63	-	-	116,240.63
12/01/2020	160,000.00	2.000%	116,240.63	276,240.63	-	-	276,240.63
06/01/2021	-	-	114,640.63	114,640.63	-	-	114,640.63
12/01/2021	160,000.00	2.500%	114,640.63	274,640.63	-	-	274,640.63
06/01/2022	-	-	112,640.63	112,640.63	-	-	112,640.63
12/01/2022	165,000.00	2.500%	112,640.63	277,640.63	-	-	277,640.63
06/01/2023	-	-	110,578.13	110,578.13	-	-	110,578.13
12/01/2023	170,000.00	3.000%	110,578.13	280,578.13	-	-	280,578.13
06/01/2024	-	-	108,028.13	108,028.13	-	-	108,028.13
12/01/2024	190,000.00	3.000%	108,028.13	298,028.13	-	-	298,028.13
06/01/2025	-	-	105,178.13	105,178.13	-	-	105,178.13
12/01/2025	190,000.00	3.000%	105,178.13	295,178.13	-	-	295,178.13
06/01/2026	-	-	102,328.13	102,328.13	-	-	102,328.13
12/01/2026	200,000.00	3.000%	102,328.13	302,328.13	-	-	302,328.13
06/01/2027	-	-	99,328.13	99,328.13	-	-	99,328.13
12/01/2027	210,000.00	3.000%	99,328.13	309,328.13	-	-	309,328.13
06/01/2028	-	-	96,178.13	96,178.13	-	-	96,178.13
12/01/2028	935,000.00	3.125%	96,178.13	1,031,178.13	-	-	1,031,178.13
06/01/2029	-	-	81,568.75	81,568.75	-	-	81,568.75
12/01/2029	1,220,000.00	3.125%	81,568.75	1,301,568.75	-	-	1,301,568.75
06/01/2030	-	-	62,506.25	62,506.25	-	-	62,506.25
12/01/2030	1,260,000.00	3.125%	62,506.25	1,322,506.25	-	-	1,322,506.25
06/01/2031	-	-	42,818.75	42,818.75	-	-	42,818.75
12/01/2031	1,295,000.00	3.250%	42,818.75	1,337,818.75	-	-	1,337,818.75
06/01/2032	-	-	21,775.00	21,775.00	-	-	21,775.00
12/01/2032	1,340,000.00	3.250%	21,775.00	1,361,775.00	(738,997.13)	-	622,777.87
06/01/2033	-	3.250%	-	-	-	-	-
Total	**$7,800,000.00**	**-**	**$3,992,751.91**	**$11,792,751.91**	**(738,997.13)**	**(106,329.88)**	**$10,947,424.90**

2012B | SINGLE PURPOSE | 12/13/2012 | 12:56 PM

Southwest Securities, Inc.

Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Proof Of Bond Yield @ 3.2749390%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
12/20/2012	-	1.0000000x	-	-
06/01/2013	106,329.88	0.9855774x	104,796.32	104,796.32
12/01/2013	143,878.13	0.9696989x	139,518.46	244,314.78
06/01/2014	118,753.13	0.9540762x	113,299.53	357,614.31
12/01/2014	143,753.13	0.9387051x	134,941.80	492,556.12
06/01/2015	118,628.13	0.9235818x	109,562.78	602,118.89
12/01/2015	143,628.13	0.9087021x	130,515.18	732,634.07
06/01/2016	118,459.38	0.8940621x	105,910.04	838,544.11
12/01/2016	143,459.38	0.8796579x	126,195.18	964,739.29
06/01/2017	118,290.63	0.8654859x	102,378.87	1,067,118.16
12/01/2017	143,290.63	0.8515421x	122,018.01	1,189,136.16
06/01/2018	118,040.63	0.8378230x	98,897.16	1,288,033.32
12/01/2018	143,040.63	0.8243250x	117,911.96	1,405,945.28
06/01/2019	117,790.63	0.8110443x	95,533.42	1,501,478.71
12/01/2019	272,790.63	0.7979777x	217,680.84	1,719,159.55
06/01/2020	116,240.63	0.7851216x	91,263.03	1,810,422.57
12/01/2020	276,240.63	0.7724726x	213,388.31	2,023,810.89
06/01/2021	114,640.63	0.7600274x	87,130.02	2,110,940.90
12/01/2021	274,640.63	0.7477826x	205,371.50	2,316,312.40
06/01/2022	112,640.63	0.7357352x	82,873.68	2,399,186.08
12/01/2022	277,640.63	0.7238819x	200,979.02	2,600,165.09
06/01/2023	110,578.13	0.7122195x	78,755.90	2,678,920.99
12/01/2023	280,578.13	0.7007450x	196,613.72	2,875,534.71
06/01/2024	108,028.13	0.6894554x	74,480.58	2,950,015.29
12/01/2024	298,028.13	0.6783476x	202,166.68	3,152,181.97
06/01/2025	105,178.13	0.6674189x	70,197.87	3,222,379.84
12/01/2025	295,178.13	0.6566662x	193,833.49	3,416,213.32
06/01/2026	102,328.13	0.6460867x	66,112.84	3,482,326.17
12/01/2026	302,328.13	0.6356777x	192,183.24	3,674,509.40
06/01/2027	99,328.13	0.6254363x	62,123.42	3,736,632.82
12/01/2027	309,328.13	0.6153600x	190,348.16	3,926,980.98
06/01/2028	96,178.13	0.6054460x	58,230.66	3,985,211.64
12/01/2028	1,031,178.13	0.5956917x	614,264.28	4,599,475.92
06/01/2029	81,568.75	0.5860946x	47,807.00	4,647,282.93
12/01/2029	1,301,568.75	0.5766521x	750,552.36	5,397,835.29
06/01/2030	62,506.25	0.5673617x	35,463.65	5,433,298.94
12/01/2030	1,322,506.25	0.5582210x	738,250.80	6,171,549.74
06/01/2031	42,818.75	0.5492276x	23,517.24	6,195,066.98
12/01/2031	1,337,818.75	0.5403791x	722,929.23	6,917,996.21
06/01/2032	21,775.00	0.5316731x	11,577.18	6,929,573.39
12/01/2032	1,361,775.00	0.5231073x	712,354.51	7,641,927.90
Total	**$11,792,751.91**	-	**$7,641,927.90**	-

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Proof Of Bond Yield @ 3.2749390%

Derivation Of Target Amount

Par Amount of Bonds	$7,800,000.00
Reoffering Premium or (Discount)	(158,072.10)
Original Issue Proceeds	$7,641,927.90

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance Price	Exponent	Bond Years
12/20/2012	-	-	-	-	-
12/01/2013	-	100.000%	-	0.9472222x	-
12/01/2013	25,000.00	100.000%	25,000.00	0.9472222x	23,680.56
12/01/2014	-	100.000%	-	1.9472222x	-
12/01/2014	25,000.00	100.000%	25,000.00	1.9472222x	48,680.56
12/01/2015	-	100.000%	-	2.9472222x	-
12/01/2015	25,000.00	100.000%	25,000.00	2.9472222x	73,680.56
12/01/2016	-	100.000%	-	3.9472222x	-
12/01/2016	25,000.00	100.000%	25,000.00	3.9472222x	98,680.56
12/01/2017	-	100.000%	-	4.9472222x	-
12/01/2017	25,000.00	101.632%	25,408.00	4.9472222x	125,699.02
12/01/2018	-	100.000%	-	5.9472222x	-
12/01/2018	25,000.00	101.632%	25,408.00	5.9472222x	151,107.02
12/01/2019	-	100.000%	-	6.9472222x	-
12/01/2019	155,000.00	99.271%	153,870.05	6.9472222x	1,068,969.43
12/01/2020	-	100.000%	-	7.9472222x	-
12/01/2020	160,000.00	99.271%	158,833.60	7.9472222x	1,262,285.92
12/01/2021	-	100.000%	-	8.9472222x	-
12/01/2021	160,000.00	99.301%	158,881.60	8.9472222x	1,421,548.98
12/01/2022	-	100.000%	-	9.9472222x	-
12/01/2022	165,000.00	99.301%	163,846.65	9.9472222x	1,629,819.04
12/01/2023	-	100.000%	-	10.9472222x	-
12/01/2023	170,000.00	100.513%	170,872.10	10.9472222x	1,870,574.85
12/01/2024	-	100.000%	-	11.9472222x	-
12/01/2024	190,000.00	100.513%	190,974.70	11.9472222x	2,281,617.18
12/01/2025	-	100.000%	-	12.9472222x	-
12/01/2025	190,000.00	98.221%	186,619.90	12.9472222x	2,416,209.32
12/01/2026	-	100.000%	-	13.9472222x	-
12/01/2026	200,000.00	98.221%	196,442.00	13.9472222x	2,739,820.23
12/01/2027	-	100.000%	-	14.9472222x	-
12/01/2027	210,000.00	98.221%	206,264.10	14.9472222x	3,083,075.34
12/01/2028	935,000.00	98.452%	920,526.20	15.9472222x	14,679,835.87
12/01/2029	1,220,000.00	97.741%	1,192,440.20	16.9472222x	20,208,549.06
12/01/2030	1,260,000.00	96.982%	1,221,973.20	17.9472222x	21,931,024.57
12/01/2031	1,295,000.00	97.916%	1,268,012.20	18.9472222x	24,025,308.93
12/01/2032	1,340,000.00	97.131%	1,301,555.40	19.9472222x	25,962,414.80
Total	**$7,800,000.00**	-	**$7,641,927.90**	-	**$125,102,581.78**

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Derivation Of Form 8038 Yield Statistics

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	16.371 Years
Total Interest from Debt Service	3,992,751.91
Reoffering (Premium) or Discount	158,072.10
Total Interest	4,150,824.01
NIC = Interest / (Issue Price * Average Maturity)	3.3179363%
Bond Yield for Arbitrage Purposes	3.2749390%

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Sources & Uses

Dated 12/20/2012 | Delivered 12/20/2012

Sources Of Funds	
Par Amount of Bonds	$7,800,000.00
Total Sources	**$7,800,000.00**

Uses Of Funds	
Original Issue Discount (OID)	158,072.10
Total Underwriter's Discount (0.657%)	51,237.50
Costs of Issuance	117,000.00
Deposit to Debt Service Reserve Fund (DSRF)	738,997.13
Deposit to Capitalized Interest (CIF) Fund	106,329.88
Deposit to Project Fund	6,628,363.39
Total Uses	**$7,800,000.00**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Detail Costs Of Issuance

Dated 12/20/2012 | Delivered 12/20/2012

COSTS OF ISSUANCE DETAIL

Financial Advisor	$50,000.00
Bond Counsel	$35,000.00
Disclosure Counsel	$15,000.00
Underwriter's Counsel	$10,000.00
Accountant	$5,000.00
Bond Registrar	$2,000.00
TOTAL	**$117,000.00**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price		Dollar Price
12/01/2014	Term 1 Coupon	1.000%	1.000%	50,000.00	100.000%		50,000.00
12/01/2016	Term 2 Coupon	1.350%	1.350%	50,000.00	100.000%		50,000.00
12/01/2018	Term 3 Coupon	2.000%	1.710%	50,000.00	101.632%		50,816.00
12/01/2020	Term 4 Coupon	2.000%	2.100%	315,000.00	99.271%		312,703.65
12/01/2022	Term 5 Coupon	2.500%	2.580%	325,000.00	99.301%		322,728.25
12/01/2024	Term 6 Coupon	3.000%	2.940%	360,000.00	100.513%	c	361,846.80
12/01/2027	Term 7 Coupon	3.000%	3.150%	600,000.00	98.221%		589,326.00
12/01/2028	Serial Coupon	3.125%	3.250%	935,000.00	98.452%		920,526.20
12/01/2029	Serial Coupon	3.125%	3.300%	1,220,000.00	97.741%		1,192,440.20
12/01/2030	Serial Coupon	3.125%	3.350%	1,260,000.00	96.982%		1,221,973.20
12/01/2031	Serial Coupon	3.250%	3.400%	1,295,000.00	97.916%		1,268,012.20
12/01/2032	Serial Coupon	3.250%	3.450%	1,340,000.00	97.131%		1,301,555.40
Total	-	-	-	**$7,800,000.00**	-	-	**$7,641,927.90**

Bid Information

Par Amount of Bonds	$7,800,000.00
Reoffering Premium or (Discount)	(158,072.10)
Gross Production	$7,641,927.90
Total Underwriter's Discount (0.657%)	$(51,237.50)
Bid (97.317%)	7,590,690.40
Total Purchase Price	$7,590,690.40
Bond Year Dollars	$127,923.33
Average Life	16.400 Years
Average Coupon	3.1212069%
Net Interest Cost (NIC)	3.2848280%
True Interest Cost (TIC)	3.3283824%

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Summary Of Underwriter's Discount

Maturity	Concession	+ Takedown	= Total	Issuance Value	Total Takedown
12/01/2013	-	0.500%	0.500%	-	-
12/01/2014	-	0.500%	0.500%	-	-
12/01/2015	-	0.500%	0.500%	-	-
12/01/2016	-	0.500%	0.500%	-	-
12/01/2017	-	0.500%	0.500%	-	-
12/01/2018	-	0.500%	0.500%	-	-
12/01/2019	-	0.500%	0.500%	-	-
12/01/2020	-	0.500%	0.500%	-	-
12/01/2021	-	0.500%	0.500%	-	-
12/01/2022	-	0.500%	0.500%	-	-
12/01/2023	-	0.500%	0.500%	-	-
12/01/2024	-	0.500%	0.500%	-	-
12/01/2025	-	0.500%	0.500%	-	-
12/01/2026	-	0.500%	0.500%	-	-
12/01/2027	-	0.500%	0.500%	-	-
12/01/2028	-	0.500%	0.500%	935,000.00	4,675.00
12/01/2029	-	0.500%	0.500%	1,220,000.00	6,100.00
12/01/2030	-	0.750%	0.750%	1,260,000.00	9,450.00
12/01/2031	-	0.750%	0.750%	1,295,000.00	9,712.50
12/01/2032	-	0.750%	0.750%	1,340,000.00	10,050.00
12/01/2014	-	0.500%	0.500%	50,000.00	250.00
12/01/2016	-	0.500%	0.500%	50,000.00	250.00
12/01/2018	-	0.500%	0.500%	50,000.00	250.00
12/01/2020	-	0.500%	0.500%	315,000.00	1,575.00
12/01/2022	-	0.500%	0.500%	325,000.00	1,625.00
12/01/2024	-	0.500%	0.500%	360,000.00	1,800.00
12/01/2027	-	0.500%	0.500%	600,000.00	3,000.00
Total	-	-	-	**$7,800,000.00**	**$48,737.50**

Underwriting & Issuance Expenses

Total Average Takedown (0.625%)	$48,737.50
Total Underwriters Expenses (0.032%)	$2,500.00
TOTAL UNDERWRITING SPREAD (0.657%)	$51,237.50

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Southwest Securities, Inc.

Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Detail Of Underwriter's Discount

Dated 12/20/2012 | Delivered 12/20/2012

UNDERWRITER'S EXPENSES DETAIL

Underwriter Expenses (0.032%)	$2,500.00
TOTAL	**$2,500.00**

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price		Dollar Price
12/01/2014	Term 1 Coupon	1.000%	1.000%	50,000.00	100.000%		50,000.00
12/01/2016	Term 2 Coupon	1.350%	1.350%	50,000.00	100.000%		50,000.00
12/01/2018	Term 3 Coupon	2.000%	1.710%	50,000.00	101.632%		50,816.00
12/01/2020	Term 4 Coupon	2.000%	2.100%	315,000.00	99.271%		312,703.65
12/01/2022	Term 5 Coupon	2.500%	2.580%	325,000.00	99.301%		322,728.25
12/01/2024	Term 6 Coupon	3.000%	2.940%	360,000.00	100.513%	c	361,846.80
12/01/2027	Term 7 Coupon	3.000%	3.150%	600,000.00	98.221%		589,326.00
12/01/2028	Serial Coupon	3.125%	3.250%	935,000.00	98.452%		920,526.20
12/01/2029	Serial Coupon	3.125%	3.300%	1,220,000.00	97.741%		1,192,440.20
12/01/2030	Serial Coupon	3.125%	3.350%	1,260,000.00	96.982%		1,221,973.20
12/01/2031	Serial Coupon	3.250%	3.400%	1,295,000.00	97.916%		1,268,012.20
12/01/2032	Serial Coupon	3.250%	3.450%	1,340,000.00	97.131%		1,301,555.40
Total	-	-	-	**$7,800,000.00**	-	-	**$7,641,927.90**

Bid Information

Par Amount of Bonds	$7,800,000.00
Reoffering Premium or (Discount)	(158,072.10)
Gross Production	$7,641,927.90
Total Underwriter's Discount (0.657%)	$(51,237.50)
Bid (97.317%)	7,590,690.40
Total Purchase Price	$7,590,690.40
Bond Year Dollars	$127,923.33
Average Life	16.400 Years
Average Coupon	3.1212069%
Net Interest Cost (NIC)	3.2848280%
True Interest Cost (TIC)	3.3283824%

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Proof of Yield to Average Life for Term 1 @1.0000804%

Date	Principal	Interest	Total P+I	PV Factor	Present Value
12/20/2012	-	-	-	1.0000000x	-
06/01/2013	-	223.61	223.61	0.9955485x	222.61
12/01/2013	25,000.00	250.00	25,250.00	0.9905951x	25,012.53
06/01/2014	-	125.00	125.00	0.9856664x	123.21
12/01/2014	25,000.00	125.00	25,125.00	0.9807622x	24,641.65
Total	**$50,000.00**	**$723.61**	**$50,723.61**	-	**$50,000.00**

Yield Summary

Total Par Amount	50,000.00
Issue Proceeds	50,000.00
Yield to Average Life	1.0000804%

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Proof of Yield to Average Life for Term 2 @1.3500665%

Date	Principal	Interest	Total P+I	PV Factor	Present Value
12/20/2012	-	-	-	1.0000000x	-
06/01/2013	-	301.88	301.88	0.9940006x	300.07
12/01/2013	-	337.50	337.50	0.9873357x	333.23
06/01/2014	-	337.50	337.50	0.9807156x	330.99
12/01/2014	-	337.50	337.50	0.9741398x	328.77
06/01/2015	-	337.50	337.50	0.9676081x	326.57
12/01/2015	25,000.00	337.50	25,337.50	0.9611202x	24,352.38
06/01/2016	-	168.75	168.75	0.9546759x	161.10
12/01/2016	25,000.00	168.75	25,168.75	0.9482747x	23,866.89
Total	**$50,000.00**	**$2,326.88**	**$52,326.88**	-	**$50,000.00**

Yield Summary

Total Par Amount	50,000.00
Issue Proceeds	50,000.00
Yield to Average Life	1.3500665%

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Proof of Yield to Average Life for Term 3 @1.6851364%

Date	Principal	Interest	Total P+I	PV Factor	Present Value
12/20/2012	-	-	-	1.0000000x	-
06/01/2013	-	447.22	447.22	0.9925234x	443.88
12/01/2013	-	500.00	500.00	0.9842305x	492.12
06/01/2014	-	500.00	500.00	0.9760070x	488.00
12/01/2014	-	500.00	500.00	0.9678522x	483.93
06/01/2015	-	500.00	500.00	0.9597655x	479.88
12/01/2015	-	500.00	500.00	0.9517464x	475.87
06/01/2016	-	500.00	500.00	0.9437943x	471.90
12/01/2016	-	500.00	500.00	0.9359086x	467.95
06/01/2017	-	500.00	500.00	0.9280889x	464.04
12/01/2017	25,000.00	500.00	25,500.00	0.9203344x	23,468.53
06/01/2018	-	250.00	250.00	0.9126448x	228.16
12/01/2018	25,000.00	250.00	25,250.00	0.9050193x	22,851.74
Total	**$50,000.00**	**$5,447.22**	**$55,447.22**	-	**$50,816.00**

Yield Summary

Total Par Amount	50,000.00
Reoffering Premium/(OID)	816.00
Issue Proceeds	50,816.00
Yield to Average Life	1.6851364%

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Proof of Yield to Average Life for Term 4 @2.1062818%

Date	Principal	Interest	Total P+I	PV Factor	Present Value
12/20/2012	-	-	-	1.0000000x	-
06/01/2013	-	2,817.50	2,817.50	0.9906733x	2,791.22
12/01/2013	-	3,150.00	3,150.00	0.9803488x	3,088.10
06/01/2014	-	3,150.00	3,150.00	0.9701320x	3,055.92
12/01/2014	-	3,150.00	3,150.00	0.9600216x	3,024.07
06/01/2015	-	3,150.00	3,150.00	0.9500166x	2,992.55
12/01/2015	-	3,150.00	3,150.00	0.9401158x	2,961.36
06/01/2016	-	3,150.00	3,150.00	0.9303183x	2,930.50
12/01/2016	-	3,150.00	3,150.00	0.9206228x	2,899.96
06/01/2017	-	3,150.00	3,150.00	0.9110284x	2,869.74
12/01/2017	-	3,150.00	3,150.00	0.9015340x	2,839.83
06/01/2018	-	3,150.00	3,150.00	0.8921385x	2,810.24
12/01/2018	-	3,150.00	3,150.00	0.8828409x	2,780.95
06/01/2019	-	3,150.00	3,150.00	0.8736403x	2,751.97
12/01/2019	155,000.00	3,150.00	158,150.00	0.8645355x	136,726.29
06/01/2020	-	1,600.00	1,600.00	0.8555256x	1,368.84
12/01/2020	160,000.00	1,600.00	161,600.00	0.8466096x	136,812.11
Total	**$315,000.00**	**$46,967.50**	**$361,967.50**	-	**$312,703.65**

Yield Summary

Total Par Amount	315,000.00
Reoffering Premium/(OID)	(2,296.35)
Issue Proceeds	312,703.65
Yield to Average Life	2.1062818%

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Proof of Yield to Average Life for Term 5 @2.5839172%

Date	Principal	Interest	Total P+I	PV Factor	Present Value
12/20/2012	-	-	-	1.0000000x	-
06/01/2013	-	3,633.68	3,633.68	0.9885838x	3,592.20
12/01/2013	-	4,062.50	4,062.50	0.9759746x	3,964.90
06/01/2014	-	4,062.50	4,062.50	0.9635263x	3,914.33
12/01/2014	-	4,062.50	4,062.50	0.9512367x	3,864.40
06/01/2015	-	4,062.50	4,062.50	0.9391039x	3,815.11
12/01/2015	-	4,062.50	4,062.50	0.9271258x	3,766.45
06/01/2016	-	4,062.50	4,062.50	0.9153005x	3,718.41
12/01/2016	-	4,062.50	4,062.50	0.9036260x	3,670.98
06/01/2017	-	4,062.50	4,062.50	0.8921004x	3,624.16
12/01/2017	-	4,062.50	4,062.50	0.8807219x	3,577.93
06/01/2018	-	4,062.50	4,062.50	0.8694884x	3,532.30
12/01/2018	-	4,062.50	4,062.50	0.8583983x	3,487.24
06/01/2019	-	4,062.50	4,062.50	0.8474496x	3,442.76
12/01/2019	-	4,062.50	4,062.50	0.8366405x	3,398.85
06/01/2020	-	4,062.50	4,062.50	0.8259694x	3,355.50
12/01/2020	-	4,062.50	4,062.50	0.8154343x	3,312.70
06/01/2021	-	4,062.50	4,062.50	0.8050336x	3,270.45
12/01/2021	160,000.00	4,062.50	164,062.50	0.7947655x	130,391.22
06/01/2022	-	2,062.50	2,062.50	0.7846285x	1,618.30
12/01/2022	165,000.00	2,062.50	167,062.50	0.7746207x	129,410.07
Total	**$325,000.00**	**$76,821.18**	**$401,821.18**	-	**$322,728.25**

Yield Summary

Total Par Amount	325,000.00
Reoffering Premium/(OID)	(2,271.75)
Issue Proceeds	322,728.25
Yield to Average Life	2.5839172%

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Proof of Yield to Average Life for Term 6 @2.9470758%

Date	Principal	Interest	Total P+I	PV Factor	Present Value
12/20/2012	-	-	-	1.0000000x	-
06/01/2013	-	4,830.00	4,830.00	0.9870014x	4,767.22
12/01/2013	-	5,400.00	5,400.00	0.9726688x	5,252.41
06/01/2014	-	5,400.00	5,400.00	0.9585442x	5,176.14
12/01/2014	-	5,400.00	5,400.00	0.9446248x	5,100.97
06/01/2015	-	5,400.00	5,400.00	0.9309076x	5,026.90
12/01/2015	-	5,400.00	5,400.00	0.9173895x	4,953.90
06/01/2016	-	5,400.00	5,400.00	0.9040677x	4,881.97
12/01/2016	-	5,400.00	5,400.00	0.8909394x	4,811.07
06/01/2017	-	5,400.00	5,400.00	0.8780017x	4,741.21
12/01/2017	-	5,400.00	5,400.00	0.8652519x	4,672.36
06/01/2018	-	5,400.00	5,400.00	0.8526872x	4,604.51
12/01/2018	-	5,400.00	5,400.00	0.8403050x	4,537.65
06/01/2019	-	5,400.00	5,400.00	0.8281026x	4,471.75
12/01/2019	-	5,400.00	5,400.00	0.8160774x	4,406.82
06/01/2020	-	5,400.00	5,400.00	0.8042268x	4,342.82
12/01/2020	-	5,400.00	5,400.00	0.7925483x	4,279.76
06/01/2021	-	5,400.00	5,400.00	0.7810394x	4,217.61
12/01/2021	-	5,400.00	5,400.00	0.7696976x	4,156.37
06/01/2022	-	5,400.00	5,400.00	0.7585205x	4,096.01
12/01/2022	-	5,400.00	5,400.00	0.7475057x	4,036.53
06/01/2023	-	5,400.00	5,400.00	0.7366509x	3,977.91
12/01/2023	170,000.00	5,400.00	175,400.00	0.7259537x	127,332.28
06/01/2024	-	2,850.00	2,850.00	0.7154118x	2,038.92
12/01/2024	190,000.00	2,850.00	192,850.00	0.7050230x	135,963.69
Total	**$360,000.00**	**$123,930.00**	**$483,930.00**	-	**$361,846.80**

Yield Summary

Total Par Amount	360,000.00
Reoffering Premium/(OID)	1,846.80
Issue Proceeds	361,846.80
Yield to Average Life	2.9470758%

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Proof of Yield to Average Life for Term 7 @3.1585830%

Date	Principal	Interest	Total P+I	PV Factor	Present Value
12/20/2012	-	-	-	1.0000000x	-
06/01/2013	-	8,050.00	8,050.00	0.9860823x	7,937.96
12/01/2013	-	9,000.00	9,000.00	0.9707513x	8,736.76
06/01/2014	-	9,000.00	9,000.00	0.9556586x	8,600.93
12/01/2014	-	9,000.00	9,000.00	0.9408006x	8,467.21
06/01/2015	-	9,000.00	9,000.00	0.9261737x	8,335.56
12/01/2015	-	9,000.00	9,000.00	0.9117741x	8,205.97
06/01/2016	-	9,000.00	9,000.00	0.8975984x	8,078.39
12/01/2016	-	9,000.00	9,000.00	0.8836431x	7,952.79
06/01/2017	-	9,000.00	9,000.00	0.8699048x	7,829.14
12/01/2017	-	9,000.00	9,000.00	0.8563800x	7,707.42
06/01/2018	-	9,000.00	9,000.00	0.8430656x	7,587.59
12/01/2018	-	9,000.00	9,000.00	0.8299581x	7,469.62
06/01/2019	-	9,000.00	9,000.00	0.8170544x	7,353.49
12/01/2019	-	9,000.00	9,000.00	0.8043514x	7,239.16
06/01/2020	-	9,000.00	9,000.00	0.7918458x	7,126.61
12/01/2020	-	9,000.00	9,000.00	0.7795347x	7,015.81
06/01/2021	-	9,000.00	9,000.00	0.7674150x	6,906.73
12/01/2021	-	9,000.00	9,000.00	0.7554837x	6,799.35
06/01/2022	-	9,000.00	9,000.00	0.7437379x	6,693.64
12/01/2022	-	9,000.00	9,000.00	0.7321747x	6,589.57
06/01/2023	-	9,000.00	9,000.00	0.7207913x	6,487.12
12/01/2023	-	9,000.00	9,000.00	0.7095849x	6,386.26
06/01/2024	-	9,000.00	9,000.00	0.6985527x	6,286.97
12/01/2024	-	9,000.00	9,000.00	0.6876921x	6,189.23
06/01/2025	-	9,000.00	9,000.00	0.6770003x	6,093.00
12/01/2025	190,000.00	9,000.00	199,000.00	0.6664747x	132,628.46
06/01/2026	-	6,150.00	6,150.00	0.6561128x	4,035.09
12/01/2026	200,000.00	6,150.00	206,150.00	0.6459119x	133,154.74
06/01/2027	-	3,150.00	3,150.00	0.6358697x	2,002.99
12/01/2027	210,000.00	3,150.00	213,150.00	0.6259836x	133,428.40
Total	**$600,000.00**	**$251,650.00**	**$851,650.00**	-	**$589,326.00**

Yield Summary

Total Par Amount	600,000.00
Reoffering Premium/(OID)	(10,674.00)
Issue Proceeds	589,326.00
Yield to Average Life	3.1585830%

2012B | SINGLE PURPOSE | 12/13/2012 | 12:37 PM

Southwest Securities, Inc.

Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Summary Of Underwriter's Discount

Maturity	Concession	+ Takedown	= Total	Issuance Value	Total Takedown
12/01/2013	-	0.500%	0.500%	-	-
12/01/2014	-	0.500%	0.500%	-	-
12/01/2015	-	0.500%	0.500%	-	-
12/01/2016	-	0.500%	0.500%	-	-
12/01/2017	-	0.500%	0.500%	-	-
12/01/2018	-	0.500%	0.500%	-	-
12/01/2019	-	0.500%	0.500%	-	-
12/01/2020	-	0.500%	0.500%	-	-
12/01/2021	-	0.500%	0.500%	-	-
12/01/2022	-	0.500%	0.500%	-	-
12/01/2023	-	0.500%	0.500%	-	-
12/01/2024	-	0.500%	0.500%	-	-
12/01/2025	-	0.500%	0.500%	-	-
12/01/2026	-	0.500%	0.500%	-	-
12/01/2027	-	0.500%	0.500%	-	-
12/01/2028	-	0.500%	0.500%	935,000.00	4,675.00
12/01/2029	-	0.500%	0.500%	1,220,000.00	6,100.00
12/01/2030	-	0.750%	0.750%	1,260,000.00	9,450.00
12/01/2031	-	0.750%	0.750%	1,295,000.00	9,712.50
12/01/2032	-	0.750%	0.750%	1,340,000.00	10,050.00
12/01/2014	-	0.500%	0.500%	50,000.00	250.00
12/01/2016	-	0.500%	0.500%	50,000.00	250.00
12/01/2018	-	0.500%	0.500%	50,000.00	250.00
12/01/2020	-	0.500%	0.500%	315,000.00	1,575.00
12/01/2022	-	0.500%	0.500%	325,000.00	1,625.00
12/01/2024	-	0.500%	0.500%	360,000.00	1,800.00
12/01/2027	-	0.500%	0.500%	600,000.00	3,000.00
Total	-	-	-	**$7,800,000.00**	**$48,737.50**

Underwriting & Issuance Expenses

Total Average Takedown (0.625%)	$48,737.50
Total Underwriters Expenses (0.032%)	$2,500.00
TOTAL UNDERWRITING SPREAD (0.657%)	$51,237.50

Southwest Securities, Inc.
Public Finance - BNurick

Berkeley County Public Service Water District

Water Revenue Bonds, Series 2012B

DRAFT: Priced by RSA on 12.13.12 - Delivery on 12.20.12

(A3 Rated - Bank Qualifed)

Detail Of Underwriter's Discount

Dated 12/20/2012 | Delivered 12/20/2012

UNDERWRITER'S EXPENSES DETAIL

Underwriter Expenses (0.032%)	$2,500.00
TOTAL	**$2,500.00**

Southwest Securities, Inc.
Public Finance - BNurick

SWS GROUP | SOUTHWEST SECURITIES
Building what you value.

December 18, 2012

VIA ELECTRONIC MAIL

Nelson Taul
Ross, Sinclaire and Associates, LLC
ntaul@rsanet.com

RE: $7,800,000 Berkeley County Public Service Water District, West Virginia Water Revenue Refunding Bonds, Series 2012B

Dear Mr. Taul:

Please be advised we have scheduled the closing date for the above-referenced Bond issue for Thursday, December 20, 2012. The net purchase price is computed as follows:

Par Amount of Bonds	**$7,800,000.00**
Original Issue Discount	($158,072.10)
Underwriter's Discount	($51,237.50)
Total Due from Purchaser	$7,590,690.40

If you agree with the amount due as shown above, on the delivery date, please remit $7,590,690.40 as follows:

Wire #1 = $7,473,690.40
Municipal Bond Commission
BB&T
250 E. Second Avenue
Williamson, WV 25661
State of WV
Acct# 5270517317
ABA# 051503394

Wire #2= $117,000.00
Susquehanna Bank
301 W Burke St.
Martinsburg, WV 25401-3323
Series 2012B- Berkeley Co. Public Service District
Routing Number: 031309123
Checking Account Number: 10011506770

If you have any questions or need further information in preparation for closing, please feel free to contact me at 859-410-2602.

My best regards,

Brian G. Nurick
Senior Vice President/Managing Director

BN/cbr

cc: John Stump, Esq.
Mr. Paul Fisher