BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

Date of Closing: February 26, 2015

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

WATER REFUNDING REVENUE BONDS, SERIES 2015 B (BANK QUALIFIED)

BOND RESOLUTION

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE REFUNDING OF THE SERIES 2003 B BONDS AND THE FINANCING OF THE COSTS THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF WATER REFUNDING REVENUE BONDS, SERIES 2015 B (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $700,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, 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 and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds, notes or refunding bonds, of which there are presently outstanding the Prior Bonds and the Series 2003 B Bonds, as hereinafter defined;

WHEREAS, all of the Prior Bonds and Series 2003 B Bonds, as hereinafter defined, were issued pursuant to resolutions of the Issuer previously enacted (such resolutions, as so amended and supplemented, collectively herein called the "Prior Resolutions");

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 (now the Berkeley County Council) dated June 28, 2001, the PSC and The County Commission of Berkeley County 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 refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding debt obligations secured by any revenues of the System, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that present value debt service savings would result from the Issuer's current refunding of its outstanding 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");

WHEREAS, the Issuer has determined that it is in the best interests of the customers of Berkeley County Public Service District and other users of the System to currently refund its outstanding Series 2003 B Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 2003 B Bonds should be financed with the proceeds from the issuance of the Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in the original aggregate principal amount of not more than $700,000 (the "Series 2015 B Bonds"), such Series 2015 B Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System;

WHEREAS, upon refunding of the Series 2003 B Bonds, there are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon, which will rank on a parity with the Series 2015 B Bonds as to liens, pledge and source of and security for payment being the Issuer's:

(1) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 and held by the West Virginia Water Development Authority (the "Series 1993 B Bonds");

(2) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 and held by the West Virginia Water Development Authority (the "Series 1993 D Bonds");

(3) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 and held by the West Virginia Water Development Authority (the "Series 1996 Bonds");

(4) 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");

(5) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds");

(6) Water Revenue Bonds, Series 2007 A (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 A Bonds");

(7) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000 (the "Series 2008 Bonds") ;

(8) Water Revenue Bonds, Series 2009 (Bank Qualified, dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (the "Series 2009 Bonds");

(9) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012 issued in the aggregate principal amount of $7,425,000 (the "Series 2012 A Bonds");

(10) Water Revenue Bonds, Series 2012 B (Bank Qualified), dated December 20, 2012 issued in the aggregate principal amount of $7,800,000 (the "Series 2012 B Bonds");

(11) Water Refunding Revenue Bonds, Series 2013 A (Bank Qualified), dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000 (the "Series 2013 A Bonds");

(12) Water Refunding Revenue Bonds, Series 2013 B (Taxable), dated December 30, 2013, issued in the original aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds"); and

(13) Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified), dated _____, 2015, issued in the original aggregate principal amount of $_____ (the "Series 2015 A Bonds");

and there are outstanding obligations of the Issuer which are subordinate to the Series 2015 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's:

(1) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority (the "Series 1993 C Bonds").

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 2001 A Bonds, the Series 2003 C Bonds, the Series 2007 A Bonds, the Series 2008 Bonds, the Series 2009 Bonds, Series 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds, the Series 2013 B Bonds and the Series 2015 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 First Lien Bonds and Second Lien Bonds are collectively referred to as the "Prior Bonds"; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of Berkeley County that its Series 2015 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 2015 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 2015 B Bonds, the First Lien Bonds and the Second Lien Bonds, and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2015 B Bonds in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 B BondS, 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 2015 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.

"Costs" or similar terms mean those costs described in Section 1.03 hereof.

"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 2015 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.

"First Lien Bonds" means the Issuer's Series 1993 B Bonds, Series 1993 D Bonds, Series 1996 Bonds, Series 2001 A Bonds, Series 2003 C Bonds, Series 2007 A Bonds, Series 2008 Bonds, Series 2009 Bonds, Series 2012 A Bonds, Series 2012 B Bonds, Series 2013 A Bonds, Series 2013 B Bonds and Series 2015 A Bonds.

"First Lien State Bonds" means the Issuer's Series 1993 B Bonds, Series 1993 D Bonds, Series 1996 Bonds, Series 2001 A Bonds, and Series 2003 C Bonds.

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

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

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

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

"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 2015 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2015 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 2015 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 2015 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2015 B Bonds.

"Operating Expenses" unless qualified, means the accrual basis expenses of repair, operation and maintenance 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 of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, 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.

"Original Purchaser" means such person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2015 B Bonds directly from the Issuer, as determined by the Supplemental Resolution, as hereinafter defined; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2015 B Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as determined by said Supplemental Resolution.

"Outstanding," when used with reference to the Series 2015 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 means the Bond Commission and any other paying agent or other entity designated as such for the Series 2015 B Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"Prior Bonds" means collectively, the First Lien Bonds and the Second Lien Bonds.

"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.

"PSC" means the Public Service Commission of West Virginia.

"Purchase Price," for the purpose of computation of the Yield of the Series 2015 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 2015 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 2015 B Bonds of each maturity is sold or, if the Series 2015 B Bonds are privately placed, the price paid by the first buyer of the Series 2015 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 2015 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 2015 B Bonds.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or

increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 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 Financial Services LLC.

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

"Record Date" means the day of the month which shall be so stated in the Series 2015 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 2015 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, collectively, the respective Reserve Accounts established for the Series 2015 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.

"Second Lien Bonds" means the Issuer's Series 1993 C Bonds.

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

"Series 1993 B Bonds" means the Issuer's Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 and held by the West Virginia Water Development Authority.

"Series 1993 C Bonds" means the Issuer's Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority.

"Series 1993 D Bonds" means the Issuer's Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 and held by the West Virginia Water Development Authority.

"Series 1996 Bonds" means the Issuer's Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 and held by the West Virginia Water Development Authority.

"Series 2001 A Bonds" means the Issuer's 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.

"Series 2003 B Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000.

"Series 2003 B Bonds Resolution" means the Resolutions authorizing the Series 2003 B Bonds.

"Series 2003 C Bonds" means the Issuer's Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000.

"Series 2007 A Bonds" means the Issuer's Water Revenue Bonds, Series 2007 A (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000.

"Series 2008 Bonds" means the Issuer's Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000.

"Series 2009 Bonds" means the Issuer's Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000.

"Series 2012 A Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012, issued in the aggregate principal amount of $7,425,000.

"Series 2012 B Bonds" means the Issuer's Water Revenue Bonds, Series 2012 B (Bank Qualified) dated December 20, 2012, issued in the aggregate principal amount of $7,800,000.

"Series 2013 A Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2013 A (Bank Qualified) dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000.

"Series 2013 B Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2013 B (Taxable) dated December 30, 2013, issued in the original aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds").

"Series 2015 A Bonds" means the Water Refunding Revenue Bonds (Bank Qualified) to be issued to refund the Issuer's Series 2006 Bonds.

"Series 2015 B Bonds Cost of Issuance Fund" means the Series 2015 B Bonds Cost of Issuance Fund created by Section 4.02 hereof.

"Series 2015 B Bonds Redemption Account" means the Series 2015 B Bonds Redemption Account created by Section 4.02 hereof.

"Series 2015 B Bonds" means the Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2015 B Bonds Reserve Account" means the Series 2015 B Bonds Reserve Account created by Section 4.02 hereof.

"Series 2015 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 2015 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2015 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2015 B Bonds.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2015 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 2015 B Bonds and authorizing the sale of the Series 2015 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 service district, public corporation and political subdivision of the State of West Virginia in Berkeley County of said State.

B. The Issuer presently owns and operates a public waterworks treatment and distribution system which it has financed or refinanced, in part, pursuant to the issuance of the Prior Bonds and the Series 2003 B Bonds.

C. It is deemed necessary for the Issuer to issue its Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in one or more series, in the total aggregate principal amount of not more than $700,000 to pay all or a portion of the outstanding principal of, and interest on, the Series 2003 B Bonds. The proceeds of the Series 2015 B Bonds may also be applied to funding the Series 2015 B Bonds Reserve Account and the payment of underwriter's discount; financial advisor expenses; legal expenses; expenses for estimates of costs and revenues; 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 2015 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; 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 2015 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall also be permitted.

D. It is in the best interests of the Issuer that the Series 2015 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.

E. The Series 2015 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. Prior to the issuance of the Series 2015 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; (ii) the written consent of the Holders of the First Lien State Bonds to the issuance of the Series 2015 B Bonds on a parity with the First Lien State Bonds; and (iii) the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2015 B Bonds senior and prior to the Second Lien Bonds. The Series 2007 A Bonds, Series 2009 Bonds, Series 2012 A Bonds, Series 2012 B Bonds, Series 2013 A Bonds, Series 2013 B Bonds and Series 2015 A Bonds do not require written consent. Upon payment in full of the Series 2003 B 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.

F. The Series 2015 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 – FORM OF SERIES 2015 B BONDS 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.

G. All things necessary to make the Series 2015 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 2015 B Bonds, will be timely done and duly performed.

H. The adoption of this Resolution, and the execution and issuance of the Series 2015 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.

I. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System, the issuance of the Series 2015 B Bonds and the refunding of the Series 2003 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 2015 B Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2015 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 2015 B Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 2003 B Bonds Outstanding as of the date of issuance of the Series 2015 B Bonds, and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Registered Owners of the Series 2003 B Bonds imposed by the Series 2003 B Resolution authorizing the issuance of the Series 2003 B Bonds, the monies in the funds and accounts created by the Series 2003 B Resolution pledged to payment of the Series 2003 B Bonds, and any other funds pledged by the Series 2003 B Resolution to payment of the Series 2003 B Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 2003 B Bonds. Contemporaneously with the payment in full of the Series 2003 B Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2003 B Bonds, shall be released from the lien created by the Series 2003 B Resolution authorizing the issuance of the Series 2003 B Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2015 B Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Series 2015 B Bonds issued pursuant to this Resolution may be issued only as fully registered Series 2015 B 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 2015 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2015 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 2015 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 2015 B Bonds shall be in default, Series 2015 B Bonds issued in exchange for Series 2015 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 2015 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2015 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 2015 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 2015 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 2015 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 Series 2015 B Bond in the principal amount of said Series 2015 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2015 B Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signatures, 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 2015 B Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2015 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 Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2015 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 Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2015 B BONDS attached hereto and incorporated herein by reference with respect to such respective Series 2015 B Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2015 B Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Series 2015 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 2015 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2015 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 2015 B Bonds, shall be conclusively deemed to have agreed that such Series 2015 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 2015 B Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2015 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2015 B Bonds. Series 2015 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 2015 B Bond, there shall be issued at the option of the Holder or the transferee another Series 2015 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 2015 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 2015 B Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Series 2015 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 2015 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2015 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2015 B Bonds, the initial exchange of Series 2015 B Bonds and exchanges of Series 2015 B Bonds in the event of partial redemption of fully registered Series 2015 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 2015 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 2015 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2015 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 2015 B Bond of like series, maturity and principal amount as the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 B Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2015 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 2015 B Bonds be at any time found by any one, and such duplicate Series 2015 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 2015 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 2015 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 2015 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 2015 B Bonds Sinking Fund, as will exhaust as nearly as practicable such Series 2015 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 2015 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 Original Purchaser and the registered owner of the Series 2015 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 2015 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 2015 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 2015 B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2015 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 2015 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 2015 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 2015 B Bonds.

If funds sufficient to redeem all Series 2015 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 2015 B Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2015 B Bonds or portions of Series 2015 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 2015 B Bonds or portions of Series 2015 B Bonds shall cease to bear interest. Upon surrender of such Series 2015 B Bonds for redemption in accordance with said notice, such Series 2015 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 2015 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 2015 B Bond. All Series 2015 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 2015 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 2015 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 2015 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 all or a portion of the outstanding principal of, and interest on, the Series 2003 B Bonds, funding the Series 2015 B Bonds Reserve Account, and paying costs of issuance in connection therewith, there shall be issued the Series 2015 B Bonds of the Issuer, in an aggregate principal amount of not more than $700,000. The Series 2015 B Bonds shall be designated "Water Refunding Revenue Bonds, Series 2015 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 2015 B Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2015 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2015 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 2015 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2015 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 2015 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 2015 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2015 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 2015 B Bond, or any other evidence of ownership of the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2015 B Bonds so redeemed, but DTC may return such Series 2015 B Bonds and make an appropriate notation on the Series 2015 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 2015 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 2015 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 2015 B Bonds, selecting the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2015 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 2015 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 2015 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 2015 B Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 2015 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2015 B Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2015 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 2015 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 2015 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 2015 B Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 B Bonds 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 2015 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2015 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 2015 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

(1). All interest accrued on the Series 2015 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2015 B Bonds Sinking Fund and applied to payment of interest on the Series 2015 B Bonds at the first interest payment date.

(2). An amount of the proceeds of the Series 2015 B Bonds equal to the Series 2015 B Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2015 B Bonds Reserve Account, provided that, to the extent the Series 2015 B Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility and proceeds of the Series 2015 B Bonds shall be used to purchase said reserve account letter of credit, surety bond or other credit facility and proceeds of the Series 2015 B Bonds shall be deposited in the Series 2015 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2015 B Bonds Reserve Requirement.

(3). An amount of the proceeds of the Series 2015 B Bonds which shall, be sufficient to pay the outstanding principal of, and interest on, the Series 2003 B Bonds, shall be deposited into the Sinking Fund for the Series 2003 B Bonds held by the Bond Commission.

(4). An amount of Series 2015 B Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the

Series 2015 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 2015 B Bonds at the written direction of the Issuer. 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 120 days following the Closing Date for the Series 2015 B Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2015 B Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2015 B Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2015 B Bonds from which such proceeds are derived.

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 and hereby continued);

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

(3) Series 2015 B Bonds Costs of Issuance Fund; and

(4) 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 1993 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(2) Series 1993 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(3) Series 1993 C Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(4) Series 1993 C Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(5) Series 1993 D Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(6) Series 1993 D Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(7) Series 1996 Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(8) Series 1996 Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(9) Series 2001 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(10) Series 2001 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(11) Series 2003 C Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(12) Series 2003 C Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(13) Series 2007 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(14) Series 2007 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(15) Series 2008 Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(16) Series 2008 Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(17) Series 2009 Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(18) Series 2009 Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(19) Series 2012 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(20) Series 2012 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(21) Series 2012 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(22) Series 2012 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(23) Series 2013 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(24) Series 2013 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(25) Series 2013 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(26) Series 2013 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(27) Series 2015 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(28) Series 2015 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(29) Series 2015 B Bonds Sinking Fund; and

(30) Series 2015 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) 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 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2015 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 2015 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 2015 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2015 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2015 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2015 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) 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 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, and in the Series 2015 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 2015 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 2015 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 2015 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 be deposited in the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2015 B Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2015 B Bonds Reserve Account below the Series 2015 B Bonds Reserve Requirement or any withdrawal from the Series 2015 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2015 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 2015 B Bonds Reserve Account is less than the Series 2015 B Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2015 B Bonds Reserve Account for deposit into the Series 2015 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 2015 B Bonds Reserve Account to an amount equal to the Series 2015 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 2015 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2015 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 2.5% 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 the Second Lien Bonds the amount required under the Prior Resolutions.

Monies in the Series 2015 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2015 B Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the Series 2015 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2015 B Bonds when due, when amounts in the Series 2015 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 2015 B Bonds Sinking Fund or the Series 2015 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series 2015 B Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2015 B Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2015 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 2015 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 2015 B Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2015 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 2015 B Bonds, senior and prior to the principal, interest, if any, 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 2015 B Bonds Sinking Fund and Series 2015 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 2015 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 2015 B Bonds Reserve Account to the Series 2015 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 2015 B Bonds Reserve Account an amount at least equal to the Series 2015 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 2015 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 2015 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 2015 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 6C 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 2015 B Bonds in such manner and to such extent as may be necessary, so that the Series 2015 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 2015 B Bonds) so that the interest on the Series 2015 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 2015 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2015 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 2015 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 2015 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 2015 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 2015 B Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2015 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 2015 B Bonds Sinking Fund and all accounts therein, or the unexpended proceeds of the Series 2015 B Bonds, all as herein provided. No Holder or Holders of the Series 2015 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 2015 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 2015 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 2015 B Bonds herein authorized, and to make the payments into the Series 2015 B Bonds Sinking Fund, the Series 2015 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 2015 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 or continued 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 2015 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 2015 B Bonds, including the Prior 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.

In the computation provided in the above paragraph, "revenues of the System" shall include increased Net Revenues estimated to be derived from any improvements under construction, and any change in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia (without successful appeal), whether or not such approved rates are being charged and collected by the Issuer.

The Issuer shall require that each annual audit contain a statement of the auditor that the Issuer either is or is not in compliance with the rate covenant contained in this Section 6.04. In the event that any audit contains a statement that the Issuer is not in compliance with the rate covenant contained in this Section 6.04, the Issuer hereby covenants that it shall, within ninety (90) days of receiving the audit

report, file a request with the Public Service Commission of West Virginia for a rate increase sufficient to comply with the above-mentioned rate requirement.

Section 6.05. Operation and Maintenance. The Issuer will 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 has or will obtain all permits required by state and federal laws for the operation of the System and all orders and approvals from the Public Service Commission of West Virginia necessary for the issuance of the Series 2015 B Bonds 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 or encumber the System except as provided in the Prior Resolutions. Additionally, so long as the Series 2015 B Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, or to defease the pledge created by this Resolution and the Prior Resolutions. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the respective Sinking Funds, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $500,000, the Issuer may provide for the sale of such property. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $500,000 but not in excess of $5,000,000 the Issuer, by resolution duly adopted, shall determine that the property is no longer necessary, useful or profitable in the operation of the System and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition off such property which are less than $500,000 may be deposited in the Revenue Fund or the Renewal and Replacement Fund, at the sole discretion of the Issuer. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $500,000 and not in excess of $5,000,000, shall be deposited by the Issuer into Sinking Funds for the Bonds or the Renewal and Replacement Fund, at the sole discretion of the Issuer. Such payment of such proceeds into the Sinking Funds for the Bonds 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, shall be in excess of $5,000,000 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% of the par 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 2015 B Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2015 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 2015 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 2015 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 2015 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 Ordinances shall be applicable.

No such Additional Parity Bonds (as hereinafter defined) shall be issued except for the purposes of financing the costs of the design, acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds or Additional Parity Bonds, or to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 2015 B Bonds are Outstanding, no such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion 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 such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 2 Fiscal Years immediately following the Fiscal Year in which such Additional Parity Bonds are issued, if any, shall not be less than 120% of the Maximum Annual Debt Service on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues" as that term is used in the computation provided in the above paragraph, shall include increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds, if any, and any change in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia (without successful appeal), prior to the date of delivery of such Additional Parity Bonds, whether or not such approved rates are being charged and collected by the Issuer.

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Net Revenues of the System on a parity with the Bonds. All covenants and other provisions of this Resolution (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Additional Parity Bonds theretofore or 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 Additional Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Resolution.

Additional Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the 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 the lien on and source of and security for payment from such revenues, with the Bonds.

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

Provided, however, that if the audit by an Independent Certified Public Accountant for the Issuer for the Fiscal Year immediately preceeding the proposed issuance of Additional Parity Bonds states that the Issuer was not in compliance with the rate covenant in Section 6.04 of this Resolution for the year being audited and the Issuer has, as required by Section 6.04, enacted a rate ordinance seeking a rate increase sufficient to comply with Section 6.04, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of this Resolutions, so as to prevent the Issuer from issuing Additional Parity Bonds under this Section 6.08.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2015 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. 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. WORKERS' COMPENSATION COVERAGE for all employees of or for the System eligible therefore.

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.

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 2015 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 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.

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.

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 2015 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 2015 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 2015 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 2015 B Bonds during the term thereof is, under the terms of the Series 2015 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 2015 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 2015 B Bonds during the term thereof is, under the terms of the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 B Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18. Designation of Series 2015 B Bonds as Qualified Tax-Exempt Obligations. The Issuer hereby designates the Series 2015 B Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph (3) of Section 265(b) of the Code and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2015, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefitting thereby shall be treated as one issuer.

Section 6.19. Continuing Disclosures. In order to provide the written undertaking for the benefit of the owners of the Series 2015 B Bonds required by the Securities and Exchange Commission Rule 15c2-12, the Issuer shall enter into a Continuing Disclosure Agreement in such form as may be approved by the Supplemental Resolution, and the Chairman is authorized and directed to execute and deliver such Continuing Disclosure Agreement on behalf of the Issuer, with such changes as the Chairman shall approve, such approval to be conclusively evidenced by the execution of such Agreement by the Chairman.

Section 6.20. Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2015 B Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Chairman is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2015 B Bonds and as the Chairman may approve (the "Official Statement"). The execution of the Official Statement by the Chairman shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Original Purchaser for distribution.

Section 6.21. Bond Insurance Policy. The Issuer may apply for a bond insurance policy for the Series 2015 B Bonds. In the event a bond insurance policy is obtained, additional covenants and provisions of the Issuer may be required by the bond insurer as a condition to insuring the Series 2015 B Bonds. These additional covenants and provisions shall be set forth in a Supplemental Resolution, shall apply to the Series 2015 B Bonds, and shall be controlling in the event any other provisions of this Resolution may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2015 B Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2015 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 2015 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 2015 B Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2015 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 2015 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 2015 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall 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 2015 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 2015 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. So long as required by the Act, 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 2015 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 2015 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 2015 B Bonds from gross income for federal income tax purposes.

The Series 2015 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 2015 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 2015 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 2015 B Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2015 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 2015 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 2015 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. This Resolution and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2015 B Bonds. Otherwise, no materially adverse amendment or modification to this Resolution, or any Supplemental Resolution, may be made without the written consent of the Registered Owners of at least 51% in aggregate principal amount of the Series 2015 B Bonds then Outstanding and affected thereby, which must be filed with the

Secretary of the Issuer before any such modification or amendment may be made. Not withstanding the foregoing provision, 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 2015 B Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2015 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
251 Caperton Boulevard
Martinsburg, West Virginia 25403
Attention: Chairman

REGISTRAR

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

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25301
Attention: Executive Director

DEPOSITORY BANK

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

ORIGINAL PURCHASER

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

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

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

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

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

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2015 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 2015 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.

[Remainder of Page Intentionally Blank]

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

Adopted this 12th day of January, 2015.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Berkeley County Public Service District on the 12th day of January, 2015.

[SEAL]

D. Wayne Dunham
Secretary

EXHIBIT A – FORM OF SERIES 2015 B BondS

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 REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20___ (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 Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date

(each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 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 $_____ designated "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2015, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the outstanding principal amount of the Series 2003 B Bonds; (ii) to the Series 2015 B Bonds Reserve Account (as hereinafter defined); and (iii) to pay certain costs of issuance of the Series 2015 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 January 12, 2015, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on ___, 2015 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(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 D, DATED JULY 29, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $10,257,957 (THE "SERIES 1993 D BONDS");

(III) WATER REVENUE BONDS, SERIES 1996, DATED AUGUST 6, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $677,158 (THE "SERIES 1996 BONDS");

(IV) 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");

(V) WATER REVENUE BONDS, SERIES 2003 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MAY 15, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,430,000 (THE "SERIES 2003 C BONDS");

(VI) WATER REVENUE BONDS, SERIES 2007 A (BANK QUALIFIED), DATED DECEMBER 21, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,300,000 (THE "SERIES 2007 A BONDS");

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

(VIII) WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED), DATED FEBRUARY 17, 2009, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,510,000 (THE "SERIES 2009 BONDS");

(IX) WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), DATED DECEMBER 19, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,425,000 (THE "SERIES 2012 A BONDS");

(X) WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), DATED DECEMBER 20, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,800,000 (THE "SERIES 2012 B BONDS");

(XI) WATER REFUNDING REVENUE BONDS, SERIES 2013 A (BANK QUALIFIED), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,900,000 (THE "SERIES 2013 A BONDS");

(XII) WATER REFUNDING REVENUE BONDS, SERIES 2013 B (TAXABLE), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,875,000 (THE "SERIES 2013 B BONDS"); AND

(XII) WATER REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), DATED _____, 2015 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2015 A BONDS");

AND SENIOR AND PRIOR TO THE ISSUER'S:

(I) 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" OR THE "SECOND LIEN BONDS");

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 2001 A Bonds, the Series 2003 C Bonds, the Series 2007 A Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2012 A Bonds, The Series 2012 B Bonds, the Series 2013 A Bonds, Series 2013 B Bonds and Series 2015 A Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called 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 are subject to optional redemption prior to maturity as follows:

(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 Registrar on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. A copy of such notice of redemption shall also be mailed to the Paying Agent. 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 2015 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 2015 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 thereon shall be applied solely to pay the Series 2003 B Bonds, fund a reserve account for the Series 2015 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.

The Issuer has designated the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code

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

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE 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: _____, 2015.

_____,
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 PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE WATER REFUNDING REVENUE BONDS, SERIES 2015 B (BANK QUALIFIED) AND WATER REFUNDING REVENUE BONDS, SERIES 2015 B (TAXABLE), OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

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

WHEREAS, the Governing Body duly adopted on January 12, 2015, a resolution (the "Resolution") entitled:

A RESOLUTION AUTHORIZING THE REFUNDING OF THE SERIES 2003 B BONDS AND THE FINANCING OF THE COSTS THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF WATER REFUNDING REVENUE BONDS, SERIES 2015 B (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $700,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, 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 refunding of the Issuer's 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"); and presently outstanding in the approximate principal amount of $765,336.81, and the issuance by the Issuer of its Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) in the aggregate principal amount of not more than $700,000 (the "Series 2015 B Bonds"), for the purposes of (i) paying a portion of the costs of such refunding, (ii) funding all or a portion of a reserve account for the Series 2015 B Bonds, and (iii) 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 2015 B Bonds should be established by Supplemental Parameters Resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Prepayment Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Series 2015 B Bonds be provided for by a supplemental parameters resolution of the Governing Body, that additional covenants and provisions relating to the Series 2015 B Bonds be provided therein, and as may be required by any Bond Insurer as a condition to insuring such Series 2015 B Bonds and that other matters pertaining to the Series 2015 B Bonds be provided for by a supplemental parameters resolution of this Board;

WHEREAS, the Series 2015 B Bonds are proposed to be purchased pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Governing Body has determined that the Chairman shall be empowered and authorized to execute the Bond Purchase Agreement, within the parameters set forth herein, at such time as the Chairman shall determine most advantageous to the District; and

WHEREAS, the Governing Body deems it essential and desirable that this Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Prepayment Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2015 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 2015 B Bonds be herein provided for, and that other matters relating to the Series 2015 B Bonds be herein provided for all in accordance with the Resolution;

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

Section 1. Pursuant to the Resolution and the Act, this Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2015 B Bonds. The Series 2015 B Bonds shall be issued in the aggregate principal amount not to exceed $700,000 bear interest at a rate not to exceed 4.00%, payable semiannually each year, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates (with final maturity not to exceed 30 years from date of issue), 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 2015 B Bonds shall be as determined by the Chairman at the time of the execution of the Bond Purchase Agreement and as approved by the Chairman in the Certificate of Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2015 B Bonds shall be as provided in the Resolution, and the Series 2015 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, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved, and directed. The Chairman is hereby empowered and authorized to execute the Bond Purchase Agreement on behalf of the District at such time as the Chairman shall determine to be most advantageous. The Chairman shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Bond Purchase Agreement by the Chairman shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2015 B Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 3. The Prepayment Agreement by and between the West Virginia Municipal Bond Commission and the Issuer, dated the date of delivery of the Series 2015 B Bonds, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved, and directed. The Chairman shall execute and deliver the Prepayment Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Prepayment Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 4. The Issuer does hereby approve, simultaneously with the closing on the Series 2015 B Bonds, the transfer of all of the monies from the Series 2003 B Bonds Reserve Account, held by the West Virginia Municipal Bond Commission, to the Series 2003 B Bonds Sinking Fund to provide sufficient funds, in addition to the proceeds of the Series 2015 B Bonds, and other funds of the Issuer, to defease the Series 2003 B Bonds.

Section 5. The Continuing Disclosure Agreement from the Issuer, to be dated as of the date of delivery of the Series 2015 B Bonds, substantially in the form attached to the for of Official Statement, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved and directed. The Chairman shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Continuing Disclosure Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 6. The Official Statement to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Chairman), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Chairman shall execute and deliver the Official Statement with such changes, insertions and omissions as

may be approved by the Chairman. The execution of the Official Statement by the Chairman shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Chairman is hereby ratified and approved.

Section 7. The Registrar Agreement by and between the Issuer and the Registrar designated herein, to be dated as of the date of delivery of the Series 2015 B Bonds, shall be and the same is hereby approved. The Chairman shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Registrar Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 8. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2015 B Bonds.

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

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

Section 11. Assured Guaranty Municipal Corp. Municipal Insurance Policy. The Issuer may apply for an Assured Guaranty Municipal Corp. Insurance Policy for the Series 2015 B Bonds. In the event an Assured Guaranty Municipal Corp. Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Assured Guaranty Municipal Corp. as a condition to insuring the Series 2015 B Bonds. These additional covenants and provisions shall be set forth in a Certificate of Determinations, shall apply to the Series 2015 B Bonds, and shall be controlling in the event any other provisions of the Resolution and this Supplemental Resolution may be in conflict therewith.

Section 12. Assured Guaranty Municipal Corp. Municipal Debt Service Reserve Insurance Policy. The Issuer may apply for an Assured Guaranty Municipal Corp. Municipal Debt Service Reserve Insurance Policy for the Series 2015 B Bonds. In the event an Assured Guaranty Municipal Corp. Municipal Debt Service Reserve Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Assured Guaranty Municipal Corp. as a condition to providing the Municipal Debt Service Reserve Insurance Policy. These additional covenants and provisions shall be set forth in a Certificate of Determinations, shall apply to the Series 2015 B Bonds, and shall be controlling in the event any other provisions of the Resolution and this Supplemental Parameters Resolution may be in conflict therewith.

Section 13. The notice addresses for the Registrar and Paying Agent shall be as follows:

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

PAYING AGENT
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302
Attention: Executive Director

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

Adopted this 12th day of January, 2015.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Parameters Resolution duly adopted by the Public Service Board of BERKELEY COUNTY PUBLIC SERVICE DISTRICT on the 12th day of January, 2015.

February 26, 2015

[SEAL]

W. Wayne Dunbar
Secretary

067780.00017

EXHIBIT A - FORM OF CERTIFICATE OF DETERMINATIONS

Berkeley County Public Service District
Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

CERTIFICATE OF DETERMINATIONS

The undersigned, Greg 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 _____, 2015 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds"), hereby finds and determines as follows:

1. The Series 2015 B Bonds shall be dated _____ , 2015 and shall bear interest payable on _____ 1 and _____ 1 of each year commencing _____ 1, 20___.

2. The Series 2015 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 2015 B Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2015 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 2015 B Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2015 B Bonds shall be sold to Piper Jaffray & Co., Charleston, (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue premium of $_____), plus interest accrued of $_____ on the Series 2015 B Bonds from _____ 1, 2015 to _____, 2015 (the "Closing Date").

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

8. The Issuer does hereby determine that the Municipal Bond Insurance Policy offered by Assured Guaranty Municipal Corp (the "Assured Guaranty") for the Series 2015 B Bonds will result in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Insurance Policy, and accordingly accepts the Municipal Bond Insurance Commitment (the "Insurance

Commitment") dated _____, 2015. The Chairman is hereby authorized to execute the Insurance Commitment and deliver the same to Assured Guaranty.

9. Pursuant to the Insurance Commitment, and, as permitted by Section 11 of the Supplemental Resolution, the covenants and provisions which are required by Assured Guaranty as a condition precedent to issuance of its Insurance Policy for the Series 2015 B Bonds are attached hereto as Exhibit A and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Resolution and applicable to the Series 2015 B Bonds.

10. The Issuer does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by Assured Guaranty for the Debt Service Reserve Account for the Series 2015 B Bonds will result in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Debt Service Reserve Insurance Policy, and accordingly accepts the Municipal Bond Debt Service Reserve Policy Insurance Commitment (the "Reserve Commitment") dated _____, 2015. The Chairman is hereby authorized to execute the Reserve Commitment and deliver the same to the Bond Insurer.

11. Pursuant to the Reserve Commitment, and, as permitted by Section 12 of the Supplemental Resolution, the covenants and provisions which are required by Assured Guaranty as a condition precedent to issuance of its Municipal Bond Debt Service Reserve Insurance Policy for the Series 2015 B Bonds are attached hereto as Exhibit B and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Resolution and applicable to the Series 2015 B Bonds.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2015 B Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2015 B Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

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WITNESS my signature this _____ day of _____, 2015.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

067780.00017

Schedule 1

Maturity Schedule

SERIES 2015 B BOND TERMS

Bond No.	Maturity Date	Principal Amount	Interest Rate	Price or Yield
BR-1				
BR-2				
BR-3				

Series 2015 B Bonds Redemption Provisions:

EXHIBIT A

PROVISIONS RELATING TO BOND INSURANCE

Bond Insurance Provisions

[insert]

EXHIBIT B

PROVISIONS RELATING TO DEBT SERVICE RESERVE INSURANCE POLICY

Municipal Bond Debt Service Reserve Insurance Commitment

[insert]

Berkeley County Public Service District

Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

CERTIFICATE OF DETERMINATIONS

The undersigned, Gregory Rhoe, Chairman of Berkeley County Public Service District (the "Issuer"), in accordance with the Bond Authorizing Resolution adopted by the Public Service Board of the Issuer (the "Board") on January 12, 2015 (the "Resolution") Supplemental Parameters Resolution adopted by the Board on January 12, 2015 (the "Supplemental Parameters Resolution" and, collectively with the Resolution and this Certificate of Determinations, the "Bond Legislation"), with respect to the Issuer's Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds"), hereby finds and determines as follows:

1. The Series 2015 B Bonds shall be dated February 26, 2015 and shall bear interest payable on June 1 and December 1 of each year commencing June 1, 2015.

2. The Series 2015 B Bonds shall be issued in the aggregate principal amount of $525,000, at a true interest cost of 1.2710027%. The interest rates reflected in such true interest cost do not exceed 7.00%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2015 B Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2015 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 2015 B Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2015 B Bonds shall be sold to Piper Jaffray & Co., Leawood, Kansas (the "Original Purchaser"), pursuant to the terms of the Bond Legislation, at an aggregate purchase price of $533,541.84 (representing par value less an Underwriter's discount of $3,256.56 and a net original issue premium of $11,798.40).

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

8. The Issuer does hereby determine that the Municipal Bond Insurance Policy offered by Assured Guaranty Municipal Corp (the "Bond Insurer") for the Series 2015 B Bonds will result in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Insurance Policy, and accordingly accepts the Municipal Bond Insurance Commitment (the "Insurance Commitment") dated January 21, 2015, attached hereto as Exhibit A. The Chairman is hereby authorized to execute the Insurance Commitment and deliver the same to the Bond Insurer.

9. The Issuer does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by the Bond Insurer for the Series 2015 B Bonds will result in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Debt Service Reserve Insurance Policy, and accordingly accepts the Municipal Bond Debt Service Reserve Insurance Commitment (the "Reserve Commitment") dated January 21, 2015, attached hereto as Exhibit B. The

Chairman is hereby authorized to execute the Reserve Commitment and deliver the same to the Bond Insurer.

10. Pursuant to the Insurance Commitment, and, as permitted by Section 12 of the Supplemental Resolution, the covenants and provisions which are required by the Bond Insurer as a condition precedent to issuance of its Municipal Bond Insurance Policy for the Series 2015 B Bonds and are attached hereto as Exhibit D and incorporated herein by reference as part hereof, such covenants and provisions are supplemental and amendatory of, and controlling with respect to, the Resolution and the Supplemental Parameters Resolution and applicable to the Series 2015 B Bonds.

11. Pursuant to the Reserve Commitment, and, as permitted by Section 12 of the Supplemental Resolution, the covenants and provisions set forth in Exhibit A to the Reserve Commitment which are required by the Bond Insurer as a condition precedent to issuance of its Municipal Bond Debt Service Reserve Insurance Policy for the Series 2015 B Bonds and are attached hereto as Exhibit B and incorporated herein by reference as part hereof, such covenants and provisions are supplemental and amendatory of, and controlling with respect to, the Resolution and the Supplemental Parameters Resolution and applicable to the Series 2015 B Bonds.

12. Attached hereto as Exhibit C and incorporated herein by reference are the final financing schedules for the Series 2015 B Bonds as prepared by Compass Municipal Advisors, LLC, Municipal Advisor to the Issuer in connection with the sale of the Series 2015 B Bonds.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2015 B Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2015 B Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

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WITNESS my signature this 17th day of February, 2015.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

067780.00017

Schedule 1

Maturity Schedule

SERIES 2015 B BOND TERMS

Maturity Date	Amount	Interest Rate	Price	Yield	CUSIP NO. **
12/1/2015	$130,000	2.000%	101.141%	0.500%	084246 JZ1
12/1/2016	$130,000	2.000%	102.363%	0.650%	084246 KA4
12/1/2017	$130,000	2.000%	102.718%	1.000%	084246 KB2
12/1/2018	$135,000	2.000%	102.748%	1.250%	084246 KC0
Total:	$525,000				

Exhibit A

Municipal Bond Insurance Commitment

ASSURED GUARANTY
MUNICIPAL

January 21, 2015

VIA E-MAIL
Mr. Chris Thiel, Executive Director
Berkeley County Public Service District
251 Caperton Boulevard
Martinsburg, West Virginia 25403

Re: Not to Exceed $600,000 aggregate principal amount of Berkeley County Public Service District (West Virginia) Water Refunding Revenue Bonds, Series 2015 B

Dear Mr. Thiel:

Attached please find one copy of each of Assured Guaranty Municipal Corp.'s ("AGM") municipal bond insurance commitment letter and municipal bond debt service reserve insurance commitment letter, both in respect of the above-referenced issue. Please return one fully executed copy of each to Ms. Audrey A. Udit, of our office, prior to any reference to AGM as insurer of the issue being made in marketing efforts in respect of the issue.

Please note that a blacklined copy of each draft of the financing documents, opinions, preliminary and final official statements and bond proof should be delivered to AGM for review and comment.

Attached as a link to this e-mail is AGM's website, where the logo, statement of insurance, disclosure language, specimen policy, procedures for premium payment, form of opinion and form of disclosure, no default and tax certificate may be accessed and downloaded as needed. AGM will require, prior to closing, four hard copies of the final official statement.

Upon acceptance and satisfaction of the conditions of the Commitment, the following must occur in order for AGM to complete its review of applicable disclosure and financing documents in advance of the closing date, request the assignment of an insured rating for the Bonds, and timely issue its insurance policy:

- The financing schedule and a distribution list should be forwarded to the attention of the Closing Coordinator listed below.

- A copy of (i) the preliminary official statement and the final official statement, each of which shall include the disclosure provided by AGM and the specimen policy and any other references to AGM, and (ii) the Bonds, together with the legend to be affixed to such Bonds, must be delivered to the Closing Coordinator by fax or e-mail in order that AGM may confirm its accuracy.

- Once determined, the underwriters' final pricing numbers, including the final debt service schedule for the Bonds, should be delivered to the credit analyst and Closing Coordinator responsible for the transaction by fax and/or e-mail in order that AGM may confirm the premium to be paid for the insurance policy and request the assignment of an insured rating for the Bonds.

- A copy of either (i) the final pricing wire with CUSIP numbers shown or CUSIP wire evidencing the CUSIP numbers assigned to the Bonds; or (ii) the letter from the CUSIP Service Bureau listing the CUSIP numbers assigned to the Bonds should be delivered to the Closing Coordinator listed below by fax and/or email in order that AGM may request the assignment of an insured rating for the Bonds.

AGM will deliver to Bond Counsel at the pre-closing, assuming the requirements of the Commitment have been met, an opinion of counsel as to the validity of the insurance policy, a disclosure, no default and tax certificate and the executed original insurance policy. Prior to the closing, AGM will obtain rating letters from the rating agencies indicated in the official statement. Note that any questions with regard to rating agency fees should be directed to the respective rating agency.

Please include the following people on the Distribution List for this transaction:

Eric Torkelson, Counsel	Telephone:	(212) 408-6057
	Telecopier:	(212) 445-8705
	E-Mail:	ETorkelson@assuredguaranty.com
Scott Madden, Director	Telephone:	(212) 408-6040
	Telecopier:	(212) 893-9645
	E-Mail:	SMadden@assuredguaranty.com
Audrey A. Udit, Closing Coordinator	Telephone:	(212) 339-3548
	Telecopier:	(212) 857-0560
	E-Mail:	AUdit@assuredguaranty.com

As a post-closing condition, AGM shall receive one original and two copies of the final closing transcript of proceedings. Such closing transcript may be in the form of either hard copies or three CD-ROMs.

AGM looks forward to working with you on this transaction.

Very truly yours,

Eric Torkelson
Counsel

cc: John Stump, Esq.; Steptoe & Johnson PLLC
Brian Nurick; Compass Municipal Advisors, LLC

MUNICIPAL BOND INSURANCE COMMITMENT

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") hereby commits to issue its Municipal Bond Insurance Policy (the "Policy") relating to whole maturities of the debt obligations described in Exhibit A attached hereto (the "Bonds"), subject to the terms and conditions set forth in this Commitment or added hereto (the "Commitment"). For the avoidance of doubt, each of the Exhibits attached hereto is an integrated part of this Commitment. To keep this Commitment in effect after the Expiration Date set forth in Exhibit A attached hereto, a request for renewal must be submitted to AGM prior to such Expiration Date. AGM reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The transaction documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.

2. No event shall occur which would permit any underwriter or purchaser of the Bonds, otherwise required, not to be required to underwrite or purchase the Bonds on the date scheduled for the issuance and delivery thereof ("Closing Date").

3. On the date hereof and on the Closing Date, there shall have been no material adverse change in or affecting the Issuer or the Bonds (including, without limitation, the security for the Bonds or the proposed debt service schedule of the Bonds), any disclosure document relating to the Bonds (the "Official Statement"), the financing documents to be executed and delivered with respect to the Bonds, the legal opinions to be executed and delivered in connection with the issuance and sale of the Bonds, or any other information submitted to AGM with respect to the referenced transaction, or the Bonds, from that previously delivered or otherwise communicated to AGM.

4. The Bonds shall contain no reference to AGM, the Policy or the insurance evidenced thereby except as may be approved by AGM. BOND PROOFS SHALL HAVE BEEN APPROVED BY AGM PRIOR TO PRINTING. The Bonds shall bear a Statement of Insurance in the form provided by AGM.

5. AGM shall be provided with:

(a) Executed copies of all financing documents, the Official Statement and the various legal opinions delivered in connection with the issuance and sale of the Bonds (which shall be dated the Closing Date and which, except for the opinions of counsel relating to the adequacy of disclosure, shall be addressed to AGM or accompanied by a letter of such counsel permitting AGM to rely on such opinion as if such opinion were addressed to AGM), including, without limitation, the approving opinion of bond counsel. Each of the foregoing shall be in form and substance acceptable to AGM. Copies of all drafts of such documents prepared subsequent to the date of the Commitment (blacklined to reflect all revisions from previously reviewed drafts) shall be furnished to AGM for review and approval. Final drafts of such documents shall be provided to AGM at least three (3) business days prior to the issuance of the Policy, unless AGM shall agree to some shorter period.

(b) Evidence of wire transfer in federal funds of an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Bonds.

(c) Standard & Poor's Rating Service and Moody's Investors Service Inc. will separately present bills for their respective fees relating to the Bonds. Payment of such bills by the Issuer should be made directly to such rating agency. Payment of the rating fee is not a condition to release of the Policy by AGM.

6. Promptly after the closing of the Bonds, AGM shall receive three completed sets of executed documents (one original and either (i) two photocopies (each unbound) or (ii) two compact discs).

7. The Official Statement shall contain the language provided by AGM and only such other references to AGM or otherwise as AGM shall supply or approve. AGM SHALL BE PROVIDED WITH FOUR PRINTED COPIES OF THE OFFICIAL STATEMENT.

MUNICIPAL BOND INSURANCE COMMITMENT
TERM SHEET

Issuer: Berkeley County Public Service District (West Virginia)

Name of Bonds Insured: Water Refunding Revenue Bonds, Series 2015 B

Principal Amount of Bonds Insured: Not to Exceed $600,000

Date of Commitment: January 21, 2015 Expiration Date: Friday, March 20, 2015*

Premium: .25% of total debt service on the Bonds Insured with an S&P rating (with the cost of the S&P rating to be paid by AGM).

Additional Conditions:

1. The amortization schedule for, and final maturity date of, the Bonds shall be acceptable to AGM.

2. The premium rate is contingent upon Moody's assigning an underlying rating of no less than "A3" to the Bonds.

3. Each of the financing documents relating to the Bonds shall contain substantially identical terms and conditions relating to the Insurer and the Insurance Policy as set forth in the same financing documents relating to the Issuer's Water Refunding Revenue Bonds, Series 2013 A and Series 2013 B insured by AGM on December 30, 2013 (Policy No. 215871-N) (the "2013 Bonds"), subject to the following modifications (with appropriate definitional changes to conform to the base documents):

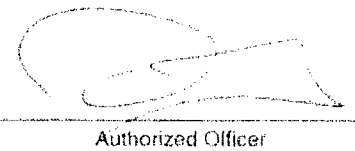
   a. The language under item (c) of Exhibit A to the Certificate of Determinations for the 2013 Bonds to be included in the Certificate of Determinations for the Bonds shall include the following new sentences after the first sentence thereof:

      "In furtherance thereof and as a term of the Resolution and the Series 2015 B Bonds, the Paying Agent and each Holder of the Series 2015 B Bonds appoint the Insurer as their agent and attorney-in-fact with respect to the Series 2015 B Bonds and agree that the Insurer may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Paying Agent and each Holder of the Series 2015 B Bonds delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Paying Agent and each Holder of the Series 2015 B Bonds with respect to the Series 2015 B Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding."

4. AGM shall be provided with legal opinions substantially identical to those delivered in connection with the 2013 Bonds (which, except for the opinion of counsel to the underwriters, shall be addressed to AGM or accompanied by a letter of such counsel permitting AGM to rely on such as if such opinion were addressed to AGM).

Capitalized terms used in this Commitment and not otherwise defined shall have the meanings assigned to them in the transaction document authorizing the issuance of, and setting forth the terms for, the Bonds described above (the "Resolution").

ASSURED GUARANTY MUNICIPAL CORP.



Authorized Officer

*To maintain the Commitment in effect until the Expiration Date, AGM must receive a duplicate of this Exhibit A executed by an authorized officer of the Issuer by the earlier of the date on which the Official Statement containing disclosure language regarding AGM is circulated and ten days from the date of this Commitment.

The undersigned, an authorized officer of the Issuer, agrees that (i) if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to insure the payment when due of the principal of and interest on the Bonds and whether the Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer insure the Bonds or obtain the Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Policy, any related insurance document or the documentation governing the Bonds do not constitute a recommendation to insure the Bonds or obtain the Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including without limitation being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse effect on the Bonds; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Authorized Officer

PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")

AGM's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid: **Upon determination of the final debt service schedule, fax such schedule to AGM**

Attention: Scott Madden, Director
Phone No.: (212) 408-6040
Fax No.: (212) 893-9645

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date: Date of Delivery of the insured bonds.

Method of Payment: Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank:	The Bank of New York
ABA#:	021 000 018
Acct. Name:	Assured Guaranty Municipal Corp.
Account No.:	8900297263
Transaction No.:	141699-N

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Audrey A. Udit, Closing Coordinator . (212) 339-3548.

Exhibit B

Municipal Bond Debt Service Reserve Insurance Commitment

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE COMMITMENT

Issuer:	Berkeley County Public Service District (West Virginia)	Date of Commitment:	January 21, 2015
Bonds Insured:	Water Refunding Revenue Bonds, Series 2015 B		
Premium:	1.00% of Policy Limit	Expiration Date:	Friday, March 20, 2015
Policy Limit:	A dollar amount equal to the Series 2015 B Bonds Reserve Requirement for the Bonds Insured, as specified under the Authorizing Document (defined below)		

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), a stock insurance company, hereby commits to issue its Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Policy"), in the form attached hereto as Exhibit B, relating to the above-described debt obligations (the "Bonds"), subject to the terms and conditions contained herein or added hereto. All terms used herein and not otherwise defined shall have the meanings ascribed to them in the document setting forth the security for and authorizing the issuance of the Bonds (the "Authorizing Document").

To keep this Commitment in effect after the Expiration Date set forth above, a request for renewal must be submitted to AGM prior to such expiration date. AGM reserves the right to refuse wholly or in part to grant a renewal. To keep the Commitment in effect to the Expiration Date set forth above, AGM must receive a duplicate of this Commitment executed by an authorized officer of the Issuer by the date which is ten days from the date of this Commitment.

THE RESERVE POLICY SHALL BE ISSUED UPON SATISFACTION OF THE FOLLOWING CONDITIONS:

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.

2. No event shall occur which would permit any purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.

3. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the Official Statement (or any similar disclosure documents) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions or forms thereof approved by AGM.

4. Any Official Statement (or similar disclosure document) relating to the Bonds shall contain only such references to the Reserve Policy and AGM as AGM shall supply or approve.

5. The Reserve Policy shall expire on the earlier of the date the Bonds are no longer outstanding and the final maturity date of the Bonds.

6. AGM shall insure the Bonds pursuant to its Commitment Letter dated January 21, 2015.

7. The Authorizing Document shall incorporate the terms and provisions set forth in Exhibit A – Authorizing Document Requirements.

8. Prior to closing of the Bonds, AGM shall be provided with:

(a) A letter from Steptoe & Johnson PLLC ("Bond Counsel") addressed to AGM to the effect that AGM may rely on the approving opinion(s) of Bond Counsel as if such opinion(s) were addressed to AGM;

(b) An opinion(s) of Bond Counsel, addressed to and in form and substance satisfactory to AGM, as to (i) the due authorization, validity and enforceability of the Authorizing Document and the Insurance Agreement, (ii) the Reserve Policy constituting a permitted debt service reserve instrument under the applicable provisions of the Authorizing Document, (iii) the repayment obligations owed to AGM in connection with the Reserve Policy being secured by a valid lien on all revenues and other collateral securing the Bonds (subject only to the priority of payment provisions set forth under the Authorizing Document), and (iv) such other matters AGM shall reasonably request;

(c) A fully-executed copy of the Insurance Agreement in substantially the form of Exhibit C hereto; and

(d) Evidence of wire transfer in federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Reserve Policy.

9. Promptly after the issuance of the Reserve Policy, AGM shall receive a complete set of executed documents implementing the requirements of this Commitment.

ASSURED GUARANTY MUNICIPAL CORP.

Authorized Officer

*To keep this commitment in effect to the Expiration Date set forth on the first page, AGM must receive by the date which is ten days from the date of this Commitment a duplicate of this Commitment executed by an appropriate officer of the Issuer.

[*THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK*]

The undersigned, an authorized officer of the Issuer, agrees that (i) if the debt service reserve fund requirement for the Bonds is satisfied by a credit instrument, such credit instrument shall be the Reserve Policy provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to obtain the Reserve Policy and whether the Reserve Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer deposit a credit instrument into the debt service reserve fund for the Bonds or obtain the Reserve Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Reserve Policy, any related insurance document or the documentation governing the Bonds do not constitute a recommendation to obtain the Reserve Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including, without limitation, being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse affect on the Bonds or on the Reserve Policy constituting a permitted debt service reserve instrument under the Authorizing Document; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____

Title: _____

Date: _____

AUTHORIZING DOCUMENT REQUIREMENTS

The Authorizing Document shall incorporate the following requirements either in one section or article entitled "Provisions Relating to 2015 B Reserve Policy" (or the like), **the provisions of which section or article shall be stated in the Authorizing Document to govern, notwithstanding anything to the contrary set forth in the Authorizing Document**, or individually in the appropriate sections. The Authorizing Document otherwise shall be in form and substance acceptable to AGM:

(a) The Issuer shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate' means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2015 B Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Series 2015 B Bonds (subject only to the priority of payment provisions set forth under the Resolution).

All cash and investments in the Series 2015 B Bonds Reserve Account established for the Series 2015 B Bonds (the "Reserve Fund") shall be transferred to the Series 2015 B Bonds Sinking Fund for payment of debt service on Series 2015 B Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Resolution other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

(c) The Resolution shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Series 2015 B Bonds.

(d) The Issuer shall include any Policy Costs then due and owing the Insurer in the calculation of the additional bonds test and the rate covenant in the Resolution.

(e) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) hereof and to provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Series 2015 B Bonds. Where deposits are required to be made by the Issuer with the Trustee to the Series 2015 B Bonds Sinking Fund for the Series 2015 B Bonds more often than semi-annually, the Trustee shall give notice to the Insurer of any failure of the Issuer to make timely payment in full of such deposits within two Business Days of the date due.

EXHIBIT B

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: Policy No.:

BONDS: Effective Date:

Premium: $

Termination Date:

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Insurance Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to AGM by or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the

stated date for payment of interest. "Insurance Agreement" means the Insurance Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed $. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

(212) 974-0100

EXHIBIT C

INSURANCE AGREEMENT

THIS INSURANCE AGREEMENT, dated _____ (the "Agreement"), by and between Berkeley County Public Service District, West Virginia (the "Issuer") and Assured Guaranty Municipal Corp. (the "Insurer").

In consideration of the issuance by the Insurer of its Municipal Bond Debt Service Reserve Insurance Policy No. _____ (the "Reserve Policy") with respect to the Issuer's Water Refunding Revenue Bonds, Series 2015 B (the "Bonds") issued under the bond authorizing resolution adopted by the Public Service Board of the Issuer on January 12, 2015 and a supplemental parameters resolution adopted by the Public Service Board of the Issuer on January 12, 2015 setting forth the security for and authorizing the issuance of the Bonds (the "Authorizing Document") and the Issuer's payment to the Insurer of the insurance premium for the Reserve Policy, the Insurer and the Issuer hereby covenant and agree as follows.

1. Upon any payment by the Insurer under the Reserve Policy, the Insurer shall furnish to the Issuer written instructions as to the manner in which payment of amounts owed to the Insurer as a result of such payment under the Reserve Policy shall be made. Amounts drawn under the Reserve Policy shall be used solely to pay scheduled payments of principal and interest due on the Bonds.

2. The Issuer shall pay the Insurer the principal amount of any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such national bank as the Insurer shall designate. If the interest provisions of this Section 2 shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

3. Repayment of draws and payment of expenses and the interest accrued thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12th of the aggregate of Policy Costs related to such draw. Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due.

4. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

5. All cash and investments in the Series 2015 B Bonds Reserve Account shall be transferred to the Series 2015 B Bonds Sinking Fund for payment of debt service on the Bonds before any drawing may be made on

the Reserve Policy or on any alternative credit instrument. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all alternative credit instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro rata basis (calculated by reference to available coverage under each such alternative credit instrument) after applying available cash and investments in the Series 2015 B Bonds Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to alternative credit instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2015 B Bonds Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

6. If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of the Authorizing Document and this Agreement, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Authorizing Document, other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

7. The Authorizing Document shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Bonds

8. In order to secure the Issuer's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of the Insurer a security interest (subject only to the priority of payment provisions set forth under the Authorizing Document) in all revenues and collateral pledged as security for the Bonds.

9. Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the additional bonds test and the rate covenant in the Authorizing Document.

10. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of Section 5 hereof and shall provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the Issuer with the Trustee to the Series 2015 B Bonds Sinking Fund for the Bonds more often than semi-annually, the Trustee shall give notice to the Insurer of any failure of the Issuer to make timely payment in full of such deposits within two Business Days of the date due.

11. The Issuer will pay or reimburse the Insurer any and all charges, fees, costs, losses, liabilities and expenses which the Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of this Agreement, the Authorizing Document or any other document executed in connection with the Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Issuer) relating to this Agreement, the Authorizing Document or any other Related Document, any party to this Agreement, the Authorizing Document or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under this Agreement, the Authorizing Document or any other Related Document, if any, or the pursuit of any remedies under this Agreement, the Authorizing Document or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to this Agreement, the Authorizing Document, the Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by the Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Authorizing Document or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Insurer spent in connection with the actions described in clauses (ii) through (v) above. The Insurer reserves the right to charge a reasonable fee as a

condition to executing any amendment, waiver or consent proposed in respect of this Agreement, the Authorizing Document or any other Related Document. Amounts payable by the Issuer hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Insurer until the date the Insurer is paid in full.

12. The obligation of the Issuer to pay all amounts due under this Agreement shall be an absolute and unconditional obligation of the Issuer and will be paid or performed strictly in accordance with this Agreement, irrespective of: (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Bonds, the Authorizing Document or any other Related Document; (ii) any amendment or other modification of, or waiver with respect to the Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Bonds, this Agreement, the Authorizing Document or any other Related Documents; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from this Agreement, the Reserve Policy, the Authorizing Document or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Issuer may have at any time against the Trustee or any other person or entity other than the Insurer, whether in connection with this Agreement, the transactions contemplated herein, in the Authorizing Document or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Insurer under the Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Reserve Policy.

13. Notices to the Insurer shall be sent to the following address (or such other address as the Insurer may designate in writing): Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No._____.

14. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

15. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Authorizing Document.

16. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.

17. This Agreement and the rights and obligations of the parties of the Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in their respective names as of the date first written above.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

By: _____
Title:

ASSURED GUARANTY MUNICIPAL CORP.

By: _____
Title: Authorized Officer

PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")

AGM's issuance of its municipal bond debt service reserve insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid:	**Upon determination of the final debt service schedule, fax such schedule to AGM**
	Attention: Scott Madden, Director
	Phone No.: (212) 408-6040
	Fax No.: (212) 893-9645

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date:	Date of Delivery of the insured bonds.
Method of Payment:	Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank:	The Bank of New York
ABA#:	021 000 018
Acct. Name:	Assured Guaranty Municipal Corp.
Account No.:	8900297263
Transaction No.:	141700

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Audrey A. Udit, Closing Coordinator , (212) 339-3548.

Exhibit C

Final Financing Schedules for the Series 2015 B Bonds

Berkeley County Public Service Water District
Water Revenue Refunding Bonds, Series 2015B

(Distribution of Funds Schedule)

Pricing: February 17, 2015
Dated Date: February 26, 2015
Delivery Date: February 26, 2015

Sources of Funds:

Par Amount of Bonds		$525,000.00	
Add Accrued Interest		$0.00	
Net Bid Premium		$8,541.84	
Total Due From Purchaser			$533,541.84
Transfer from Series 2003B Sinking Fund			$78,313.56
Transfer from Series 2003B Debt Service Reserve Fund			$175,936.59
Total Sources of Funds			**$787,791.99**

Uses of Funds:

Assured Guaranty Municipal Corp.		$1,897.30	
Bond Insurance Premium	$1,372.30		
Surety Bond Policy for Series 2015B Debt Service Reserve	$525.00		
Municipal Bond Comission		$767,440.14	
Deposit to Series 2003B Sinking Fund to Discharge Bonds in Full	$767,440.14		
Cost of Issuance		$18,454.55	
Remit to Compass Municipal Advisors, LLC their Financial Advisor Fees (Includes Out of Pocket)	$3,952.39		
Remit to Steptoe & Johnson, PLLC their Bond Counsel Fees	$3,500.00		
Remit to Steptoe & Johnson, PLLC their Disclosure Counsel Fees	$2,500.00		
Remit to West Virginia Municipal Bond Commission their Payoff Fees	$1,616.40		
Remit to United Bank their Registrar Fees	$200.00		
Cost of Issuance Contingency	$6,685.76		
Total Uses:			**$787,791.99**

Berkeley County Public Service Water District
Water Revenue Refunding Bonds, Series 2015B

(Flow of Funds Schedule)

Pricing: February 17, 2015
Dated Date: February 26, 2015
Delivery Date: February 26, 2015

From Purchaser

Feb. 26, 2015	Wire Bond Insurance and Surety Bond Premiums to Assured Guaranty Municipal Corp.	$1,897.30
Feb. 26, 2015	Wire a Portion of Bond Proceeds to West Virginia Municipal Bond Commission	$513,189.99
Feb. 26, 2015	Wire a Portion of Bond Proceeds to Sesquehanna Bank for Distribution of Cost of Issuance	$18,454.55
Totals:		$533,541.84

From West Virginia Municipal Bond Commission

Feb. 26, 2015	Deposit to Series 2003B Sinking Fund to Discharge Bonds in Full	$513,189.99

Series 2003B Sinking Fund

Feb. 26, 2015	Cash Balance from Series 2003B Debt Service Reserve Fund	$175,936.59
Feb. 26, 2015	Cash Balance from Series 2003B Sinking Fund	$78,313.56
Feb. 26, 2015	Deposit a Portion of Bond Proceeds from Series 2015B Bonds	$513,189.99
Totals:		$767,440.14

Wiring Instructions

Berkeley County Water District
Susquehanna Bank
Routing #031309123
Account #10014692411
Account Title: Berkeley County Public Service District

Assured Guaranty Municipal Corp.
Bank: The Bank of New York
ABA#: 021 000 018
Acct. Name: Assured Guaranty Municipal Corp.
Account No.: 8900297263
Series B: Policy # 216580-N & 216580-R

Municipal Bond Commission
BB&T WV
332 70th St SE
Charleston, WV 25304
State of West Virginia
Acct# 5270517317
ABA# 051503394

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Sources & Uses

Dated 02/26/2015 | Delivered 02/26/2015

Sources Of Funds	
Par Amount of Bonds	$525,000.00
Reoffering Premium	11,798.40
Transfers from Prior Issue Debt Service Funds	78,313.56
Transfers from Prior Issue DSR Funds	175,936.59
Total Sources	**$791,048.55**

Uses Of Funds	
Total Underwriter's Discount (0.620%)	3,256.56
Costs of Issuance	18,454.55
Gross Bond Insurance Premium (25.0 bp)	1,372.30
Surety Bond	525.00
Deposit to Current Refunding Fund	767,440.14
Total Uses	**$791,048.55**

Compass Municipal Advisors, LLC
Public Finance - BEdelen

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Detail Costs Of Issuance

Dated 02/26/2015 | Delivered 02/26/2015

COSTS OF ISSUANCE DETAIL

Financial Advisor	$3,952.39
Bond Counsel	$3,500.00
Disclosure Counsel	$2,500.00
Municipal Bond Commission	$1,616.40
Bond Registrar	$200.00
Contingnecy	$6,685.76
TOTAL	**$18,454.55**

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2015	Serial Coupon	2.000%	0.500%	130,000.00	101.141%	131,483.30
12/01/2016	Serial Coupon	2.000%	0.650%	130,000.00	102.363%	133,071.90
12/01/2017	Serial Coupon	2.000%	1.000%	130,000.00	102.718%	133,533.40
12/01/2018	Serial Coupon	2.000%	1.250%	135,000.00	102.748%	138,709.80
Total	-	-	-	**$525,000.00**	-	**$536,798.40**

Bid Information	
Par Amount of Bonds	$525,000.00
Reoffering Premium or (Discount)	11,798.40
Gross Production	$536,798.40
Total Underwriter's Discount (0.620%)	$(3,256.56)
Bid (101.627%)	533,541.84
Total Purchase Price	$533,541.84
Bond Year Dollars	$1,196.04
Average Life	2.278 Years
Average Coupon	1.9999997%
Net Interest Cost (NIC)	1.2858239%
True Interest Cost (TIC)	1.2710027%

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/01/2015	-	-	2,770.83	2,770.83
12/01/2015	130,000.00	2.000%	5,250.00	135,250.00
06/01/2016	-	-	3,950.00	3,950.00
12/01/2016	130,000.00	2.000%	3,950.00	133,950.00
06/01/2017	-	-	2,650.00	2,650.00
12/01/2017	130,000.00	2.000%	2,650.00	132,650.00
06/01/2018	-	-	1,350.00	1,350.00
12/01/2018	135,000.00	2.000%	1,350.00	136,350.00
Total	**$525,000.00**	-	**$23,920.83**	**$548,920.83**

Yield Statistics

Bond Year Dollars	$1,196.04
Average Life	2.278 Years
Average Coupon	1.9999997%
Net Interest Cost (NIC)	1.2858239%
True Interest Cost (TIC)	1.2710027%
Bond Yield for Arbitrage Purposes	1.1564992%
All Inclusive Cost (AIC)	3.0386961%

IRS Form 8038

Net Interest Cost	0.9885190%
Weighted Average Maturity	2.285 Years

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2015	2,770.83	2,770.83	15,775.00	13,004.17
06/30/2016	139,200.00	139,200.00	168,750.00	29,550.00
06/30/2017	136,600.00	136,600.00	167,977.50	31,377.50
06/30/2018	134,000.00	134,000.00	166,855.00	32,855.00
06/30/2019	136,350.00	136,350.00	165,372.50	29,022.50
06/30/2020	-	-	(10,146.25)	(10,146.25)
Total	**$548,920.83**	**$548,920.83**	**$674,583.75**	**$125,662.92**

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	289,625.27
Effects of changes in DSR investments	(164,857.69)
Net PV Cashflow Savings @ 1.156%(Bond Yield)	124,767.58
Transfers from Prior Issue Debt Service Fund	(78,313.56)
Net Present Value Benefit	$46,454.02
Net PV Benefit / $750,000 Refunded Principal	6.194%
Net PV Benefit / $525,000 Refunding Principal	8.848%

Refunding Bond Information

Refunding Dated Date	2/26/2015
Refunding Delivery Date	2/26/2015

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Proof Of Bond Yield @ 1.1564992%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
02/26/2015	-	1.0000000x	-	-
06/01/2015	2,770.83	0.9969615x	2,762.41	2,762.41
12/01/2015	135,250.00	0.9912298x	134,063.83	136,826.24
06/01/2016	3,950.00	0.9855309x	3,892.85	140,719.08
12/01/2016	133,950.00	0.9798649x	131,252.90	271,971.98
06/01/2017	2,650.00	0.9742314x	2,581.71	274,553.70
12/01/2017	132,650.00	0.9686303x	128,488.81	403,042.50
06/01/2018	1,350.00	0.9630614x	1,300.13	404,342.63
12/01/2018	136,350.00	0.9575245x	130,558.47	534,901.10
Total	**$548,920.83**	-	**$534,901.10**	-

Derivation Of Target Amount

Par Amount of Bonds	$525,000.00
Reoffering Premium or (Discount)	11,798.40
Bond Insurance Premium..... (25.0 bp)	(1,372.30)
Other Credit Enhancement Fees	(525.00)
Original Issue Proceeds	$534,901.10

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance Price	Exponent	Bond Years
02/26/2015	-	-	-	-	-
12/01/2015	130,000.00	101.141%	131,483.30	0.7638889x	100,438.63
12/01/2016	130,000.00	102.363%	133,071.90	1.7638889x	234,724.05
12/01/2017	130,000.00	102.718%	133,533.40	2.7638889x	369,071.48
12/01/2018	135,000.00	102.748%	138,709.80	3.7638889x	522,088.28
Total	**$525,000.00**	-	**$536,798.40**	-	**$1,226,322.43**

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	2.285 Years
Total Interest from Debt Service	23,920.83
Reoffering (Premium) or Discount	(11,798.40)
Total Interest	12,122.43
NIC = Interest / (Issue Price * Average Maturity)	0.9885190%
Bond Yield for Arbitrage Purposes	1.1564992%

Berkeley County Public Service Water District

Water Revenue Refunding Bond, Series 2003B

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
03/01/2015	-	-	15,775.00	15,775.00
09/01/2015	140,000.00	4.000%	15,775.00	155,775.00
03/01/2016	-	-	12,975.00	12,975.00
09/01/2016	145,000.00	4.100%	12,975.00	157,975.00
03/01/2017	-	-	10,002.50	10,002.50
09/01/2017	150,000.00	4.200%	10,002.50	160,002.50
03/01/2018	-	-	6,852.50	6,852.50
09/01/2018	155,000.00	4.300%	6,852.50	161,852.50
03/01/2019	-	-	3,520.00	3,520.00
09/01/2019	160,000.00	4.400%	3,520.00	163,520.00
Total	**$750,000.00**	-	**$98,250.00**	**$848,250.00**

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/26/2015
Average Life	2.581 Years
Average Coupon	5.0764263%
Weighted Average Maturity (Par Basis)	2.581 Years

Refunding Bond Information

Refunding Dated Date	2/26/2015
Refunding Delivery Date	2/26/2015

Berkeley County Public Service Water District

Water Revenue Refunding Bond, Series 2003B

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/26/2015	-	-	-	-	-	-	-
03/01/2015	-	15,775.00	15,775.00	-	-	15,775.00	15,775.00
03/20/2015	750,000.00	1,665.14	751,665.14	-	-	-	-
09/01/2015	-	-	-	140,000.00	4.000%	15,775.00	155,775.00
03/01/2016	-	-	-	-	-	12,975.00	12,975.00
09/01/2016	-	-	-	145,000.00	4.100%	12,975.00	157,975.00
03/01/2017	-	-	-	-	-	10,002.50	10,002.50
09/01/2017	-	-	-	150,000.00	4.200%	10,002.50	160,002.50
03/01/2018	-	-	-	-	-	6,852.50	6,852.50
09/01/2018	-	-	-	155,000.00	4.300%	6,852.50	161,852.50
03/01/2019	-	-	-	-	-	3,520.00	3,520.00
09/01/2019	-	-	-	160,000.00	4.400%	3,520.00	163,520.00
Total	**$750,000.00**	**$17,440.14**	**$767,440.14**	**$750,000.00**	-	**$98,250.00**	**$848,250.00**

Yield Statistics

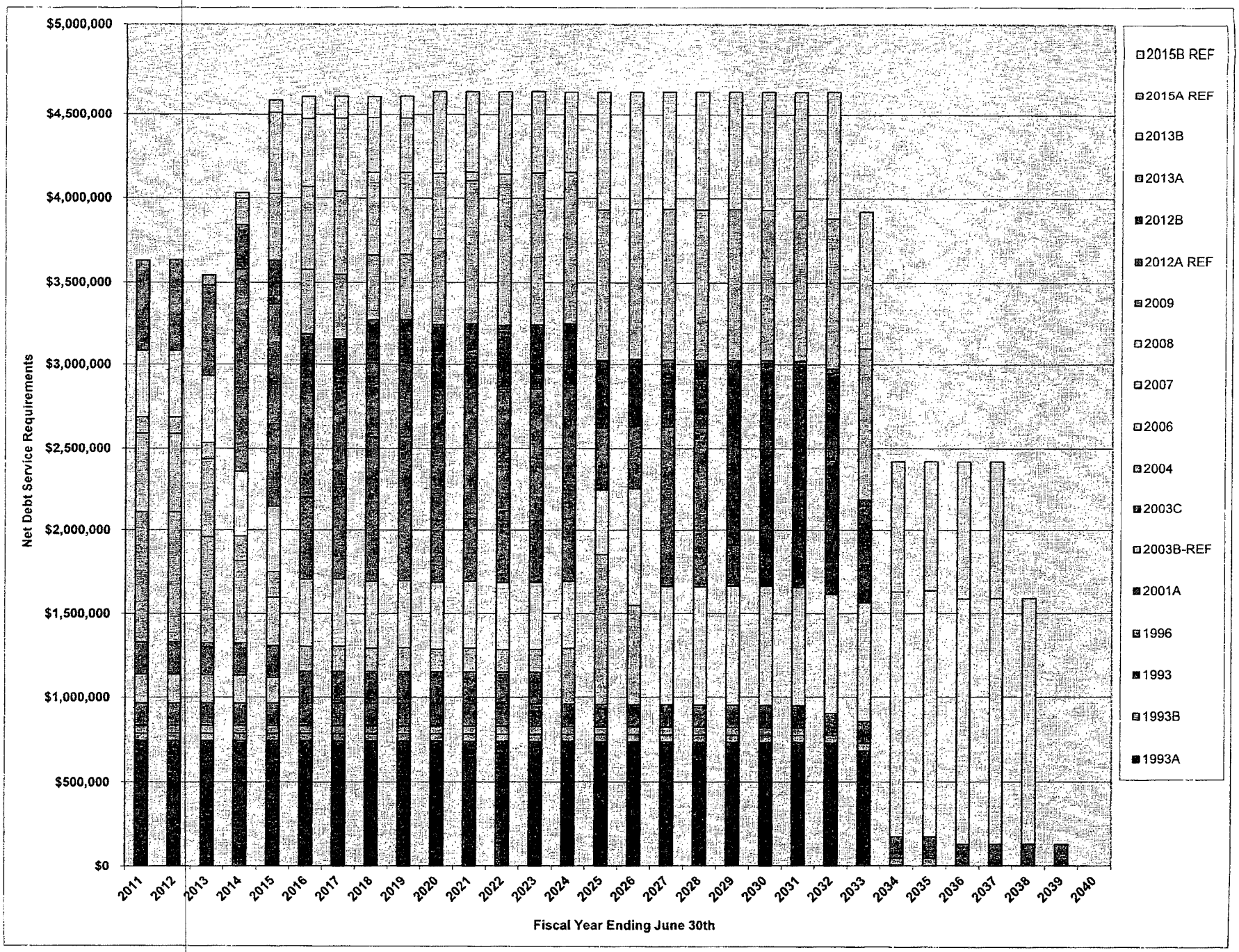
Base date for Avg. Life & Avg. Coupon Calculation	2/26/2015
Average Life	2.581 Years
Average Coupon	5.0764263%
Weighted Average Maturity (Par Basis)	2.581 Years

Refunding Bond Information

Refunding Dated Date	2/26/2015
Refunding Delivery Date	2/26/2015

Debt Capsule Summary Report

Bond Series	Original Issuer	Original Par Amount	Amount Outstanding	Interest Rate Range	Final Maturity	Call Information
1993 (WDA)	Opequon PSD	$9,752,924	$7,911,994	6.750%	04/01/33	WDA Consent Only
1993A (WDA)	Hedgesville PSD	$528,871	$402,069	7.750%	10/01/31	WDA Consent Only
1993B (WDA)	Hedgesville PSD	$17,629	$7,684	0.000%	10/01/31	WDA Consent Only
1996 (WDA)	Hedgesville PSD	$677,158	$538,176	6.250%	10/01/35	WDA Consent Only
2001A (WDA)	Berkeley PSD	$2,010,000	$1,721,022	5.800%	10/01/39	WDA Consent Only
2003C (WDA)	Berkeley PSD	$2,430,000	$1,385,950	5.000%	10/01/23	WDA Consent Only
2007	Berkeley PSD	$2,300,000	$2,185,000	3.800% - 4.250%	12/01/25	Dec. 1, 2015 @ 100%
2008	Berkeley PSD	$9,500,000	$9,500,000	4.000% - 4.250%	12/01/37	Dec. 1, 2015 @ 100%
2009	Berkeley PSD	$7,510,000	$6,140,000	2.800% - 4.400%	12/01/28	Dec. 1, 2016 @ 100%
2012A REF	Berkeley PSD	$7,425,000	$6,245,000	1.500% - 2.375%	12/01/24	Non-Callable
2012B	Berkeley PSD	$7,800,000	$7,750,000	1.350% - 3.250%	12/01/32	Dec. 1, 2022 @ 100%
2013A	Berkeley PSD	$9,900,000	$9,875,000	2.000% - 4.500%	12/01/33	Dec. 1, 2023 @ 100%
2013B	Berkeley PSD	$2,875,000	$2,460,000	1.700% - 3.950%	12/01/20	Make Whole
2015A REF	Berkeley PSD	$9,575,000	$9,575,000	2.000% - 3.250%	12/01/36	Dec. 1, 2025 @ 100%
2015B REF	Berkeley PSD	$525,000	$525,000	2.000%	12/01/18	Non-Callable
Totals:	---	$72,826,582	$66,221,895	---	---	---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Net Debt Service Requirements
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
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2040
Fiscal Year Ending June 30th
2015B REF
2015A REF
2013B
2013A
2012B
2012A REF
2009
2008
2007
2006
2004
2003C
2003B-REF
2001A
1996
1993
1993B
1993A

Net Debt Service Structure Report

Issuer:	*(Hedgesville)*	*(Hedgesville)*	*(Opequon)*	*(Hedgesville)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	*(Berkeley)*	
	Mar 8, 1993	*Mar 8, 1995*	*Jul 29, 1995*	*Aug 6, 1996*	*Oct 25, 2001*	*Apr 1, 2003*	*May 15, 2003*	*Dec 30, 2004*	*Dec 31, 2006*	*Dec 21, 2007*	*Jan 24, 2008*	*Feb 17, 2009*	*Dec 19, 2012*	*Dec 20, 2012*	*Dec 30, 2013*	*Dec 30, 2013*	*Feb 26, 2015*	*Feb 26, 2015*	
FY Ending June 30	Series 1993A Bonds	Series 1993B Bonds	Series 1993 Bonds	Series 1996 Bonds	Series 2001A Bonds	Series 2003B-REF Bonds	Series 2003C Bonds	Series 2004 Bonds	Series 2006 Bonds	Series 2007 Bonds	Series 2008 Bonds	Series 2009 Bonds	Series 2012A REF Bonds	Series 2012B Bonds	Series 2013A Bonds	Series 2013B Bonds	Series 2015A REF Bonds	Series 2015B REF Bonds	Net Payment Amount
2011	$745,931	$43,021	$452	$46,412	$131,376	$172,865	$192,527	$777,770	$478,795	$95,821	$396,986	$549,990							$3,631,947
2012	$745,574	$42,995	$452	$46,393	$131,335	$173,666	$192,404	$778,965	$476,345	$95,821	$396,986	$554,000							$3,634,938
2013	$745,193	$42,969	$452	$46,373	$131,292	$169,135	$192,276	$630,918	$478,770	$95,821	$396,986	$552,270	$61,815	$0					$3,544,269
2014	$744,786	$42,940	$452	$46,352	$131,247	$169,353	$192,139		$485,890	$149,886	$396,986	$500,480	$719,443	$262,631	$155,373	$31,329			$4,029,286
2015	$744,352	$42,908	$452	$46,329	$131,198	$153,441	$191,997		$284,680	$152,811	$396,986	$498,660	$723,543	$262,381	$395,175	$486,788	$75,642	$2,771	$4,590,114
2016	$743,889	$42,874	$452	$46,305	$131,147		$191,847			$150,531	$396,986	$501,380	$716,105	$262,088	$394,675	$490,270	$405,444	$139,200	$4,613,193
2017	$743,394	$42,837	$452	$46,280	$131,092		$191,690			$153,156	$396,986	$498,620	$687,330	$261,750	$394,175	$492,090	$417,694	$136,600	$4,614,147
2018	$742,866	$42,798	$452	$46,255	$131,035		$191,526			$140,876	$396,986	$874,670	$439,668	$261,351	$393,675	$491,626	$325,694	$134,000	$4,613,455
2019	$742,302	$42,755	$452	$46,224	$130,974		$191,352			$143,594	$396,986	$873,890	$442,868	$260,851	$393,175	$488,450	$324,794	$136,350	$4,614,996
2020	$741,700	$42,710	$452	$46,193	$130,910		$191,170			$136,222	$396,986	$874,110	$792,368	$389,031	$516,425	$389,603	$496,044		$4,643,923
2021	$741,058	$42,661	$452	$46,161	$130,842		$190,979			$143,747	$396,986	$876,110	$788,168	$390,881	$857,425	$49,018	$489,444		$4,643,929
2022	$740,372	$42,607	$452	$46,126	$130,770		$190,778			$136,169	$396,986	$872,810	$793,668	$387,281	$906,450		$497,619		$4,642,088
2023	$739,640	$42,550	$452	$46,089	$130,693		$190,568			$138,591	$396,986	$874,073	$793,068	$388,219	$909,931		$495,494		$4,646,353
2024	$738,858	$42,488	$452	$46,050	$130,613		$0			$336,513	$396,986	$879,688	$786,078	$388,606	$907,888		$488,294		$4,642,514
2025	$738,024	$42,422	$452	$46,009	$130,528					$892,713	$396,986	$874,741	$0	$403,206	$904,278		$712,569		$4,641,928
2026	$737,134	$42,350	$452	$45,965	$130,438					$592,325	$705,686	$879,223		$397,506	$903,953		$708,169		$4,643,201
2027	$736,183	$42,273	$452	$45,918	$130,342						$707,786	$964,882		$401,656	$906,688		$708,394		$4,644,574
2028	$735,168	$42,190	$452	$45,868	$130,241						$704,386	$961,160		$403,506	$906,438		$713,094		$4,644,503
2029	$734,085	$42,100	$452	$45,815	$130,135						$710,386	$248,599		$1,112,747	$908,438		$712,269		$4,645,025
2030	$732,928	$42,004	$452	$45,759	$130,022						$710,499			$1,364,075	$903,413		$715,919		$4,645,070
2031	$731,694	$41,899	$452	$45,699	$129,902						$704,919			$1,365,325	$906,219		$718,969		$4,645,078
2032	$730,376	$0	$0	$45,636	$129,776						$708,673			$1,359,594	$906,525		$765,744		$4,646,323
2033	$681,468			$45,568	$129,643						$706,658			$622,778	$909,175		$825,344		$3,920,633
2034				$45,497	$129,501						$1,452,795				$0		$793,894		$2,421,686
2035				$45,421	$129,351						$1,461,135						$787,369		$2,423,276
2036				$0	$129,193						$1,456,838						$834,072		$2,420,102
2037					$129,025						$1,459,888						$833,325		$2,422,238
2038					$128,848						$1,460,388								$1,589,235
2039					$128,660														$128,660
2040					$0														$0
Totals.	$16,956,973	$894,351	$9,493	$1,150,694	$3,780,128	$838,460	$2,491,253	$2,187,653	$2,204,480	$3,554,597	$18,904,830	$10,209,355	$7,744,118	$10,947,425	$14,379,491	$2,919,173	$13,865,289	$548,921	$113,586,683
																Mav P&I.			*$4,646,353*

Exhibit D

Provisions Relating to Bond Insurance

Bond Insurance Provisions

Pursuant to Section 6.21 of the Resolution and Section 12 of the Supplemental Parameters Resolution, the provisions of this Exhibit D shall govern, notwithstanding anything to the contrary set forth in the Resolution. Defined terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

(a) "Insurance Policy" shall be defined as follows: "this insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2015 B Bonds when due." "Insurer" shall be defined as follows: "Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof."

(b) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Series 2015 B Bonds Reserve Account. Notwithstanding anything to the contrary set forth in the Resolution, amounts on deposit in the Series 2015 B Bonds Reserve Account shall be applied solely to the payment of debt service due on the Series 2015 B Bonds.

(c) The Insurer shall be deemed to be the sole Holder of the Series 2015 B Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of the Series 2015 B Bonds insured by it are entitled to take pursuant to the Resolution pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent. In furtherance thereof and as a term of the Resolution and the Series 2015 B Bonds, the Paying Agent and each Holder of the Series 2015 B Bonds appoint the Insurer as their agent and attorney-in-fact with respect to the Series 2015 B Bonds and agree that the Insurer may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Paying Agent and each Holder of the Series 2015 B Bonds delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Paying Agent and each Holder of the Series 2015 B Bonds with respect to the Series 2015 B Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Bondholders shall expressly include mandamus.

(d) The security for the Series 2015 B Bonds shall include a pledge of any agreement with any underlying obligor that is a source of payment for the Series 2015 B Bonds and a default under any such agreement shall constitute an Event of Default under the Resolution.

(e) If acceleration is permitted under the Resolution, the maturity of Series 2015 B Bonds insured by the Insurer shall not be accelerated without the consent of the Insurer and in the event the maturity of the Series 2015 B Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the Issuer) and the Paying Agent shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Series 2015 B Bonds shall be fully discharged.

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

(g) The Insurer is a third party beneficiary to the Resolution.

(h) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Series 2015 B Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Resolution which permits the purchase of the Series 2015 B Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Series 2015 B Bond so purchased is not cancelled upon purchase.

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

(j) [Reserved].

(k) The rights granted to the Insurer under the Resolution or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Holders of the Series 2015 B Bonds and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Holders of the Series 2015 B Bonds or any other person is required in addition to the consent of the Insurer.

(l) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person

claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Series 2015 B Bonds unless the Insurer otherwise approves.

To accomplish defeasance of the Series 2015 B Bonds, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2015 B Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2015 B Bonds are no longer "Outstanding" under the Resolution and (iv) a certificate of discharge of the Paying Agent with respect to the Series 2015 B Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, Paying Agent and the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

Series 2015 B Bonds shall be deemed "Outstanding" under the Resolution unless and until they are in fact paid and retired or the above criteria are met.

(m) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Resolution and the Series 2015 B Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Resolution. The Resolution shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

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

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

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Resolution, moneys sufficient to pay the principal of and interest on the Series 2015 B Bonds due on such Payment Date, the Paying Agent shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2015 B Bonds due on such Payment Date, the Paying Agent shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the

amount required to pay interest on the Series 2015 B Bonds and the amount required to pay principal of the Series 2015 B Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Paying Agent shall designate any portion of payment of principal on Series 2015 B Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2015 B Bonds registered to the then current Holder of the Series 2015 B Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2015 B Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Series 2015 B Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Series 2015 B Bond or the subrogation rights of the Insurer.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2015 B Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Insurance Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of Holders of the Series 2015 B Bonds referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Insurance Policy in trust on behalf of Holders of the Series 2015 B Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Holders of the Series 2015 B Bonds in the same manner as principal and interest payments are to be made with respect to the Series 2015 B Bonds under the sections of the Resolution regarding payment of Series 2015 B Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Resolution to the contrary, the Issuer agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lessor of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2015 B Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Reimbursement

Amounts are secured by a lien on and pledge of the Net Revenues and payable from such Net Revenues on a parity with debt service due on the Series 2015 B Bonds.

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

(p) The Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2015 B Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the Issuer to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

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

(r) After payment of reasonable expenses of the Paying Agent, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Series 2015 B Bonds and amounts required to restore the Series 2015 B Bonds Reserve Account to the Series 2015 B Bonds Reserve Requirement.

(s) The Insurer shall be entitled to pay principal or interest on the Series 2015 B Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Series 2015 B Bonds as a result of acceleration of the maturity thereof in accordance with the Resolution, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(t) The notice address of the Insurer is: Assured Guarantee Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director- Surveillance, Re: Policy No. 216580-N, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

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

(1) Annual audited financial statements within 180 days after the end of the Issuer's fiscal year (together with a certification of the Issuer that it is not aware of any default or Event of Default under the Resolution), and the Issuer's annual budget within 30 days after the approval thereof with such other information, data or reports as the Insurer shall reasonably request from time to time;

(2) Notice of any draw upon the Series 2015 B Bonds Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Series 2015 B Bonds Reserve Requirement and (ii) withdrawals in connection with a refunding of Series 2015 B Bonds;

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

(4) Prior notice of the advance refunding or redemption of any of the Series 2015 B Bonds, including the principal amount, maturities and CUSIP numbers thereof;

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

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

(7) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2015 B Bonds;

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

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

(v) The Insurer shall have the right to receive such additional information as it may reasonably request.

(w) The Issuer will permit the Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Insurer may reasonably request regarding the security for the Series 2015 B Bonds with appropriate officers of the Issuer and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Issuer on any Business Day upon reasonable prior notice.

(x) Notwithstanding satisfaction of the other conditions to the issuance of Additional Parity Bonds set forth in the Resolution, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Series 2015 B Bonds Reserve Account is fully funded at the Series 2015 B Bonds Reserve Requirement (including the proposed issue) upon the issuance of such Additional Parity Bonds, in either case unless otherwise permitted by the Insurer.

(y) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Resolution would adversely affect the security for the Series 2015 B Bonds or the rights of the Bondholders, the Paying Agent shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(z) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Series 2015 B Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

Berkeley County Public Service District

Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned Joyce E. Chaney, Managing Director of PIPER JAFFRAY & CO. (the "Original Purchaser") and Gregory Rhoe, Chairman of BERKELEY COUNTY PUBLIC SERVICE DISTRICT (the "Issuer"), for and on behalf of the Issuer, hereby certify this 26th day of February, 2015 Bs follows:

1. On the 26th day of February, 2015, in New York, New York, the Original Purchaser received the entire original issue of $525,000 in aggregate principal amount of Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 B (the "Series 2015 B Bonds"). The Series 2015 B Bonds, as so received on original issuance, are dated February 26, 2015, are in fully registered form, 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 2015 B Bonds, they had been executed by the Chairman of the Issuer by his manual signature, and the official seal of the Issuer had been impressed upon each Bond and attested by the Secretary of the Issuer by his manual signature, and had been authenticated by an authorized officer of United Bank, Inc., Charleston, West Virginia, as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Series 2015 B Bonds, of the proceeds of the Series 2015 B Bonds, as follows:

Par Amount of Series 2015 B Bonds	$525,000.00
Reoffering Premium	11,798.40
Underwriters Discount	3,256.56
Purchase Price	$533,541.84
Transfer from Series 2003 B Sinking Fund	78,313.56
Transfer from Series 2003 B Reserve Fund	175,936.59
Total Sources of Funds	$787,791.99

4. Series 2015 B Bonds proceeds in the amount of $533,541.84 was made in immediately available funds (federal funds wire) and along with monies in the amount of $78,313.56 in the Series 2003 B Bonds Sinking Fund and $175,936.59 in the Series 2003 B Bonds Reserve Account, were uses are shown below:

Deposit to Pay Series 2003 B Bonds	$ 767,440.14
Bond Insurance Premium	1,372.30
Surety Bond Premium	525.00
Costs of Issuance	18,454.55
Total Uses of Funds	$787,791.99

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

PIPER JAFFRAY & CO.

By: _____
Its: Managing Director

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By:_____
Its: Chairman

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

PIPER JAFFRAY & CO.

By: _____
Its: Managing Director

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

Berkeley County Public Service District

Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United Bank, Inc., as Registrar
500 Virginia Street, East
Charleston, West Virginia 25301

Ladies and Gentlemen:

There are delivered to you herewith (or have previously been delivered to you) as Registrar for the above-captioned Series 2015 B Bonds on this 26th day of February, 2015:

1. Bonds No. BR-1 upward in order of maturity constituting the entire original issue of Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), dated February 26, 2015, in the aggregate principal amount of $525,000, (the "Series 2015 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 2015 B Bonds are authorized to be issued under and pursuant to a Bond Resolution adopted by the Issuer on January 12, 2015, as supplemented by a Supplemental Parameters Resolution adopted by the Issuer on January 12, 2015 and a Certificate of Determinations dated February 17, 2015, executed by the Chairman of the Issuer (collectively, the "Bond Legislation").

2. A copy of the Bond Legislation duly certified by the Secretary of the Issuer.

3. Signed, unqualified approving opinion of Steptoe & Johnson PLLC, as bond counsel with respect to the Series 2015 B Bonds.

4. A list of the names in which the Series 2015 B Bonds are to be registered upon original issuance, together with taxpayer identification and other information as requested by you.

5. Copies of such other documents, certificates and verifications as required by the Original Purchaser.

You are hereby requested and authorized, pursuant to Section 3.12 of the Resolution, to authenticate, register and deliver the Series 2015 B Bonds to the Depository Trust Company, New York, New York, for the account of Piper Jaffray & Co., as the Original Purchaser thereof.

[Remainder of Page Intentionally Blank]

Dated the day and year first written above.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

067780.00017

6833380

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.

SPECIMEN

No. BR-1 $130,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.000%	December 1, 2015	February 26, 2015	084246JZ1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED THIRTY THOUSAND 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 December 1 and June 1, in each year, beginning June 1, 2015 (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 Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank Inc., Charleston, West Virginia, as registrar (the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 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 $525,000 designated "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated February 26, 2015, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the outstanding principal of and interest on the Issuer's Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 and presently outstanding in the principal amount of $750,000 (the "Series 2003 B Bonds"), (ii) to purchase a Municipal Bond Insurance Policy from Assured Guaranty Municipal Corp. ("Assured Guaranty") to secure payment of the Series 2015 B Bonds, (iii) to purchase a Municipal Bond Debt Service Reserve Insurance Policy from Assured Guaranty in the amount necessary to meet the reserve requirement for the Series 2015 B Bonds, and (iv) to pay certain costs of issuance of the Series 2015 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 bond authorizing resolution duly adopted by the Issuer on January 12, 2015, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on January 12, 2015 and a Certificate of Determinations dated February 17, 2015 executed by the Chairman of the Issuer (hereinafter collectively referred to as the "Bond Legislation"), and is subject to all the terms and conditions of the Bond Legislation. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation. Reference is hereby made to the Bond Legislation, 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 Bond Legislation are on file at the office of the Issuer.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(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 D, DATED JULY 29, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $10,257,957 (THE "SERIES 1993 D BONDS");

(III) WATER REVENUE BONDS, SERIES 1996, DATED AUGUST 6, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $677,158 (THE "SERIES 1996 BONDS");

(IV) 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");

(V) WATER REVENUE BONDS, SERIES 2003 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MAY 15, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,430,000 (THE "SERIES 2003 C BONDS");

(VI) WATER REVENUE BONDS, SERIES 2007 A (BANK QUALIFIED), DATED DECEMBER 21, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,300,000 (THE "SERIES 2007 A BONDS");

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

(VIII) WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED), DATED FEBRUARY 17, 2009, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,510,000 (THE "SERIES 2009 BONDS");

(IX) WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), DATED DECEMBER 19, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,425,000 (THE "SERIES 2012 A BONDS");

(X) WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), DATED DECEMBER 20, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,800,000 (THE "SERIES 2012 B BONDS");

(XI) WATER REFUNDING REVENUE BONDS, SERIES 2013 A (BANK QUALIFIED), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,900,000 (THE "SERIES 2013 A BONDS"); AND

(XII) WATER REFUNDING REVENUE BONDS, SERIES 2013 B (TAXABLE), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,875,000 (THE "SERIES 2013 B BONDS"); AND

(XIII) WATER REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), ISSUED CONCURRENTLY WITH THE SERIES 2015 B BONDS AND IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,575,000 (THE "SERIES 2015 A BONDS");

AND SENIOR AND PRIOR TO THE ISSUER'S:

(I) 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" OR THE "SECOND LIEN BONDS");

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 2001 A Bond, the Series 2003 C Bonds, the Series 2007 A Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds, Series 2013 B Bonds and the Series 2015 A Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds".

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and 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 Bond Legislation for the Bonds (the "Series 2015 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 2015 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any fiscal year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay a portion of the principal of, and interest on, the Series 2003 B Bonds, to purchase a Municipal Bond Insurance Policy from Assured Guaranty to secure the payment of the Series 2015 B Bonds, to purchase a Municipal Debt Service Reserve Insurance Policy in an amount equal to the Reserve Requirement for the Series 2015 B Bonds in lieu of depositing cash in the Reserve Account for the Series 2015 B Bonds, and to 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 Bond Legislation.

The Issuer has "deemed designated" the portion of the Series 2015 B Bonds equal to the outstanding par amount of the Series 2003 B Bonds. The Issuer has designated the remaining portion of the Series 2015 B Bonds exceeding the outstanding par amount of the Series 2003 B Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code

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

This Bond shall not be entitled to any benefit under the Bond Legislation, 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 Bond Legislation 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]

Chairman

ATTEST:

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: February 26, 2015.

UNITED BANK, INC.,
as Registrar

By: _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, 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.

STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

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.

SPECIMEN

No. BR-2 $130,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.000%	December 1, 2016	February 26, 2015	084246KA4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED THIRTY THOUSAND 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 December 1 and June 1, in each year, beginning June 1, 2015 (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 Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank Inc., Charleston, West Virginia, as registrar (the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 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 $525,000 designated "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated February 26, 2015, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the outstanding principal of and interest on the Issuer's Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 and presently outstanding in the principal amount of $750,000 (the "Series 2003 B Bonds"), (ii) to purchase a Municipal Bond Insurance Policy from Assured Guaranty Municipal Corp. ("Assured Guaranty") to secure payment of the Series 2015 B Bonds, (iii) to purchase a Municipal Bond Debt Service Reserve Insurance Policy from Assured Guaranty in the amount necessary to meet the reserve requirement for the Series 2015 B Bonds, and (iv) to pay certain costs of issuance of the Series 2015 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 bond authorizing resolution duly adopted by the Issuer on January 12, 2015, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on January 12, 2015 and a Certificate of Determinations dated February 17, 2015 executed by the Chairman of the Issuer (hereinafter collectively referred to as the "Bond Legislation"), and is subject to all the terms and conditions of the Bond Legislation. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation. Reference is hereby made to the Bond Legislation, 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 Bond Legislation are on file at the office of the Issuer.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(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 D, DATED JULY 29, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $10,257,957 (THE "SERIES 1993 D BONDS");

(III) WATER REVENUE BONDS, SERIES 1996, DATED AUGUST 6, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $677,158 (THE "SERIES 1996 BONDS");

(IV) 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");

(V) WATER REVENUE BONDS, SERIES 2003 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MAY 15, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,430,000 (THE "SERIES 2003 C BONDS");

(VI) WATER REVENUE BONDS, SERIES 2007 A (BANK QUALIFIED), DATED DECEMBER 21, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,300,000 (THE "SERIES 2007 A BONDS");

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

(VIII) WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED), DATED FEBRUARY 17, 2009, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,510,000 (THE "SERIES 2009 BONDS");

(IX) WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), DATED DECEMBER 19, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,425,000 (THE "SERIES 2012 A BONDS");

(X) WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), DATED DECEMBER 20, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,800,000 (THE "SERIES 2012 B BONDS");

(XI) WATER REFUNDING REVENUE BONDS, SERIES 2013 A (BANK QUALIFIED), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,900,000 (THE "SERIES 2013 A BONDS"); AND

(XII) WATER REFUNDING REVENUE BONDS, SERIES 2013 B (TAXABLE), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,875,000 (THE "SERIES 2013 B BONDS"); AND

(XIII) WATER REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), ISSUED CONCURRENTLY WITH THE SERIES 2015 B BONDS AND IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,575,000 (THE "SERIES 2015 A BONDS");

AND SENIOR AND PRIOR TO THE ISSUER'S:

(I) 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" OR THE "SECOND LIEN BONDS");

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 2001 A Bond, the Series 2003 C Bonds, the Series 2007 A Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds, Series 2013 B Bonds and the Series 2015 A Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds".

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and 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 Bond Legislation for the Bonds (the "Series 2015 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 2015 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any fiscal year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay a portion of the principal of, and interest on, the Series 2003 B Bonds, to purchase a Municipal Bond Insurance Policy from Assured Guaranty to secure the payment of the Series 2015 B Bonds, to purchase a Municipal Debt Service Reserve Insurance Policy in an amount equal to the Reserve Requirement for the Series 2015 B Bonds in lieu of depositing cash in the Reserve Account for the Series 2015 B Bonds, and to 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 Bond Legislation.

The Issuer has "deemed designated" the portion of the Series 2015 B Bonds equal to the outstanding par amount of the Series 2003 B Bonds. The Issuer has designated the remaining portion of the Series 2015 B Bonds exceeding the outstanding par amount of the Series 2003 B Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code

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

This Bond shall not be entitled to any benefit under the Bond Legislation, 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 Bond Legislation 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]

Chairman

ATTEST:

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: February 26, 2015.

UNITED BANK, INC.,
as Registrar

By: _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, 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.

STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

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.

SPECIMEN

No. BR-3

$130,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.000%	December 1, 2017	February 26, 2015	084246KB2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED THIRTY THOUSAND 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 December 1 and June 1, in each year, beginning June 1, 2015 (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 Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank Inc., Charleston, West Virginia, as registrar (the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 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 $525,000 designated "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated February 26, 2015, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the outstanding principal of and interest on the Issuer's Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 and presently outstanding in the principal amount of $750,000 (the "Series 2003 B Bonds"), (ii) to purchase a Municipal Bond Insurance Policy from Assured Guaranty Municipal Corp. ("Assured Guaranty") to secure payment of the Series 2015 B Bonds, (iii) to purchase a Municipal Bond Debt Service Reserve Insurance Policy from Assured Guaranty in the amount necessary to meet the reserve requirement for the Series 2015 B Bonds, and (iv) to pay certain costs of issuance of the Series 2015 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 bond authorizing resolution duly adopted by the Issuer on January 12, 2015, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on January 12, 2015 and a Certificate of Determinations dated February 17, 2015 executed by the Chairman of the Issuer (hereinafter collectively referred to as the "Bond Legislation"), and is subject to all the terms and conditions of the Bond Legislation. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation. Reference is hereby made to the Bond Legislation, 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 Bond Legislation are on file at the office of the Issuer.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(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 D, DATED JULY 29, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $10,257,957 (THE "SERIES 1993 D BONDS");

(III) WATER REVENUE BONDS, SERIES 1996, DATED AUGUST 6, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $677,158 (THE "SERIES 1996 BONDS");

(IV) 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");

(V) WATER REVENUE BONDS, SERIES 2003 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MAY 15, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,430,000 (THE "SERIES 2003 C BONDS");

(VI) WATER REVENUE BONDS, SERIES 2007 A (BANK QUALIFIED), DATED DECEMBER 21, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,300,000 (THE "SERIES 2007 A BONDS");

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

(VIII) WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED), DATED FEBRUARY 17, 2009, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,510,000 (THE "SERIES 2009 BONDS");

(IX) WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), DATED DECEMBER 19, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,425,000 (THE "SERIES 2012 A BONDS");

(X) WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), DATED DECEMBER 20, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,800,000 (THE "SERIES 2012 B BONDS");

(XI) WATER REFUNDING REVENUE BONDS, SERIES 2013 A (BANK QUALIFIED), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,900,000 (THE "SERIES 2013 A BONDS"); AND

(XII) WATER REFUNDING REVENUE BONDS, SERIES 2013 B (TAXABLE), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,875,000 (THE "SERIES 2013 B BONDS"); AND

(XIII) WATER REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), ISSUED CONCURRENTLY WITH THE SERIES 2015 B BONDS AND IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,575,000 (THE "SERIES 2015 A BONDS");

AND SENIOR AND PRIOR TO THE ISSUER'S:

(I) 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" OR THE "SECOND LIEN BONDS");

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 2001 A Bond, the Series 2003 C Bonds, the Series 2007 A Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds, Series 2013 B Bonds and the Series 2015 A Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds".

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and 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 Bond Legislation for the Bonds (the "Series 2015 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 2015 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any fiscal year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay a portion of the principal of, and interest on, the Series 2003 B Bonds, to purchase a Municipal Bond Insurance Policy from Assured Guaranty to secure the payment of the Series 2015 B Bonds, to purchase a Municipal Debt Service Reserve Insurance Policy in an amount equal to the Reserve Requirement for the Series 2015 B Bonds in lieu of depositing cash in the Reserve Account for the Series 2015 B Bonds, and to 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 Bond Legislation.

The Issuer has "deemed designated" the portion of the Series 2015 B Bonds equal to the outstanding par amount of the Series 2003 B Bonds. The Issuer has designated the remaining portion of the Series 2015 B Bonds exceeding the outstanding par amount of the Series 2003 B Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code

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

This Bond shall not be entitled to any benefit under the Bond Legislation, 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 Bond Legislation 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]

Chairman

ATTEST:

W. Wayne Dunham

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: February 26, 2015.

UNITED BANK, INC.,
as Registrar

By: _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, 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.

STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

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

SPECIMEN

$135,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
2.000%	December 1, 2018	February 26, 2015	084246KC0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED THIRTY-FIVE THOUSAND 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 December 1 and June 1, in each year, beginning June 1, 2015 (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 Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank Inc., Charleston, West Virginia, as registrar (the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 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 $525,000 designated "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated February 26, 2015, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the outstanding principal of and interest on the Issuer's Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 and presently outstanding in the principal amount of $750,000 (the "Series 2003 B Bonds"), (ii) to purchase a Municipal Bond Insurance Policy from Assured Guaranty Municipal Corp. ("Assured Guaranty") to secure payment of the Series 2015 B Bonds, (iii) to purchase a Municipal Bond Debt Service Reserve Insurance Policy from Assured Guaranty in the amount necessary to meet the reserve requirement for the Series 2015 B Bonds, and (iv) to pay certain costs of issuance of the Series 2015 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 bond authorizing resolution duly adopted by the Issuer on January 12, 2015, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on January 12, 2015 and a Certificate of Determinations dated February 17, 2015 executed by the Chairman of the Issuer (hereinafter collectively referred to as the "Bond Legislation"), and is subject to all the terms and conditions of the Bond Legislation. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation. Reference is hereby made to the Bond Legislation, 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 Bond Legislation are on file at the office of the Issuer.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(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 D, DATED JULY 29, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $10,257,957 (THE "SERIES 1993 D BONDS");

(III) WATER REVENUE BONDS, SERIES 1996, DATED AUGUST 6, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $677,158 (THE "SERIES 1996 BONDS");

(IV) 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");

(V) WATER REVENUE BONDS, SERIES 2003 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MAY 15, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,430,000 (THE "SERIES 2003 C BONDS");

(VI) WATER REVENUE BONDS, SERIES 2007 A (BANK QUALIFIED), DATED DECEMBER 21, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,300,000 (THE "SERIES 2007 A BONDS");

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

(VIII) WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED), DATED FEBRUARY 17, 2009, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,510,000 (THE "SERIES 2009 BONDS");

(IX) WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), DATED DECEMBER 19, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,425,000 (THE "SERIES 2012 A BONDS");

(X) WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), DATED DECEMBER 20, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,800,000 (THE "SERIES 2012 B BONDS");

(XI) WATER REFUNDING REVENUE BONDS, SERIES 2013 A (BANK QUALIFIED), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,900,000 (THE "SERIES 2013 A BONDS"); AND

(XII) WATER REFUNDING REVENUE BONDS, SERIES 2013 B (TAXABLE), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,875,000 (THE "SERIES 2013 B BONDS"); AND

(XIII) WATER REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), ISSUED CONCURRENTLY WITH THE SERIES 2015 B BONDS AND IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,575,000 (THE "SERIES 2015 A BONDS");

AND SENIOR AND PRIOR TO THE ISSUER'S:

(I) 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" OR THE "SECOND LIEN BONDS");

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 2001 A Bond, the Series 2003 C Bonds, the Series 2007 A Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds, Series 2013 B Bonds and the Series 2015 A Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds".

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and 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 Bond Legislation for the Bonds (the "Series 2015 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 2015 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any fiscal year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay a portion of the principal of, and interest on, the Series 2003 B Bonds, to purchase a Municipal Bond Insurance Policy from Assured Guaranty to secure the payment of the Series 2015 B Bonds, to purchase a Municipal Debt Service Reserve Insurance Policy in an amount equal to the Reserve Requirement for the Series 2015 B Bonds in lieu of depositing cash in the Reserve Account for the Series 2015 B Bonds, and to 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 Bond Legislation.

The Issuer has "deemed designated" the portion of the Series 2015 B Bonds equal to the outstanding par amount of the Series 2003 B Bonds. The Issuer has designated the remaining portion of the Series 2015 B Bonds exceeding the outstanding par amount of the Series 2003 B Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code

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

This Bond shall not be entitled to any benefit under the Bond Legislation, 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 Bond Legislation 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]

Chairman

ATTEST:

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: February 26, 2015.

UNITED BANK, INC.,
as Registrar

By: _____
Its Authorized Officer

(Form of)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

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

_____ the within Bond and does hereby irrevocably constitute and appoint

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

Dated: _____, 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.

STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

1954

December 9, 1954

IN VACATION OF COURT

IN RE: QUALIFICATION OF JOHN RUTHERFORD CROWL,
IS 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.

Test: Harold O. Keedy CLERK

December 10, 1954

Court Met Pursuant to Adjournment.

Present: O. C. Noll, Pres.,
Ernest C. Altmar, 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 OREE CALVIN (O. C.) NOLL
IS 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 he taking the oath prescribed by law.

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

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

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

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

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

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

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

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

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

A TRUE COPY
ATTEST

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

For a period of two years Stanley A. Caniford

For a period of four years D. K. 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. Althar
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 K. 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 K. Wageley and Gail W. Updike shall be two, four and six years, respectively.

Teste: Harold O. Seely CLERK

December 14, 1954

Court Met Pursuant to Adjournment.

Present: O. C. Noll, Pres.,
Ernest C. Althar, 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, Comr.,
O. C. Noll, Comr.

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: APPLICITION OF B. C. COFFINBERGER
AS NOTARY PUBLIC

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

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

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

IN RE: APPLICITION 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, Comr.,
O. C. Noll, Comr.

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
Harold 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.

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: CLERK

January 24th, 1956

Court Met Pursuant to Adjournment

Present: William F. Reid, Pres.,
Ernest C. Althar, Comm.,
D. 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 10:10 O'clock A.M.

PRES.

January 25th, 1956

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,
Ernest C. Althar, Comm.,
D. 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. Clapham, as his surety.

Teste: Ronald O. Moody CLERK

January 24th, 1956

Court Met Pursuant to Adjournment

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

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: QUALIFICTION 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: APPLICTION OF D. F. TALBOTT AS NOTARY PUBLIC

Upon the application of D. F. 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. Althen, 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
Berkeley County Court
By _____
Deputy Clerk

Said bond is hereby approved.

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

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

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

_____ PRES.

July 10th, 1956

Court Met Pursuant to Adjournment.

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

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

IN RE: BOARD OF REVIEW AND EQUALIZATION.

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

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

IN THE

COUNTY COURT

OF

BERKELEY COUNTY, WEST VIRGINIA

IN THE MATTER OF
BERKELEY COUNTY PUBLIC SERVICE DISTRICT

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

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

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

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

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

William F. Reid

President County Court of Berkeley County, W. Va.

Tester:
Harold O. Keedy
Clerk

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

William F. Reid PRES.

July 13th, 1956

Court Met Pursuant to Adjournment.

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

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

IN RE: BOARD OF REVIEW AND EQUALIZATION.

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

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

William F. Reid PRES.

July 14th, 1956

IN VACATION OF COURT.

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

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

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

Harold O. Keedy CLERK

Tester:

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. Strode 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:

2000

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
Executive Secretary

ARC
CLW/lfg
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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 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.

CLW/ack
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A True Copy, Teste:

Sandra Squire
Executive Secretary

2001

BEFORE THE COUNTY COMMISSION OF BERKELEY COUNTY

ORDER APPROVING AND RATIFYING THE MERGER OF HEDGESVILLE PUBLIC SERVICE DISTRICT AND OPEQUON PUBLIC SERVICE DISTRICT INTO BERKELEY COUNTY PUBLIC SERVICE DISTRICT, THE DISSOLUTION OF HEDGESVILLE PUBLIC SERVICE DISTRICT AND OPEQUON PUBLIC SERVICE DISTRICT AND APPOINTING MEMBERS OF THE PUBLIC SERVICE BOARD OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, Berkeley County Public Service District (hereinafter "Berkeley") is a public service district and public corporation created by Resolution of The County Commission of Berkeley County (hereinafter, the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, Hedgesville Public Service District (hereinafter "Hedgesville") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act;

WHEREAS, Opequon Public Service District (hereinafter "Opequon") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of the Act;

WHEREAS, the County Commission adopted a resolution on June 1, 2000, ordering the merger of Hedgesville and Opequon into Berkeley and dissolution of Hedgesville and Opequon, subject to the approval of the Public Service Commission of West Virginia;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 00-0893-PWD-PC, by Commission Orders entered on December 28, 2000 and April 26, 2001, approved and ordered the merger of Hedgesville and Opequon into Berkeley;

WHEREAS, said merger is subject to the approval of the bondholders of the respective Districts;

WHEREAS, the West Virginia Development Authority, as the holder of the Series 1993 A, Series 1993 B and Series 1996 Bonds heretofore issued by Hedgesville and the Series 1993 and Series 1997 Bonds heretofore issued by Opequon, has consented to the

merger of Hedgesville and Opequon into Berkeley, the assumption of such bonds of Hedgesville and Opequon by Berkeley and the dissolution of Hedgesville and Opequon;

WHEREAS, Branch Banking and Trust Company, as the holder of the Series 2001 A Notes heretofore issued by Hedgesville, has consented to the merger of Hedgesville and Opequon into Berkeley, the assumption of such notes of Hedgesville by Berkeley and the dissolution of Hedgesville;

WHEREAS, Ambac Assurance Corporation, as issuer of municipal bond insurance policies nos. 8159BE and 10655BE relating to the Series 1993 A Bonds and Series 1994 Bonds of Berkeley, has consented to the merger of Hedgesville and Opequon into Berkeley and the assumption of the bonds of Hedgesville and Opequon by Berkeley.

WHEREAS, pursuant to the Act, upon completion of the merger of Hedgesville and Opequon into Berkeley and the resulting termination of the terms of the members of the Public Service Boards for each of the Districts, the County Commission is required to appoint members to the Public Service Board of Berkeley and may appoint up to five (5) persons to said Public Service Board; and

WHEREAS, it is now deemed desirous by the County Commission to adopt a Resolution approving and ratifying the merger of Hedgesville and Opequon into Berkeley, ratifying and confirming all lawful actions taken by all parties and their counsel to effectuate and complete the merger of Hedgesville and Opequon into Berkeley, ordering the Public Service Boards of Berkeley, Hedgesville and Opequon to expeditiously take all actions necessary to consummate and complete the merger, ordering Hedgesville and Opequon be dissolved immediately following the consummation of the merger and the appointment of the five (5) member Board of Beckley.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED BY THE COUNTY COMMISSION OF BERKELEY COUNTY AS FOLLOWS:

1. That the merger of Hedgesville and Opequon into Berkeley is hereby ratified, confirmed and, upon execution and filing of necessary documents by the Public Service Boards of the respective Districts, in all respects deemed completed and to be effective July 1, 2001.

2. That all lawful actions taken, or to be taken, by the parties to this merger and their counsel to effectuate and complete the merger of Hedgesville and Opequon into Berkeley are hereby ratified and confirmed.

3. That the Public Service Boards of Berkeley, Hedgesville and Opequon are hereby ordered to expeditiously take all actions necessary to consummate and complete the merger of Hedgesville and Opequon into Berkeley.

4. That, following the consummation of the merger of Hedgesville and Opequon into Berkeley on July 1, 2001, Hedgesville and Opequon shall be dissolved.

5. That, following the consummation of the merger of Hedgesville and Opequon into Berkeley on July 1, 2001, the terms of office of the current Berkeley Board members shall end, by operation of law, and the Board of Berkeley is hereby supplanted and replaced by the following five (5) individuals who are hereby appointed; and shall serve as members of the Public Service Board of Berkeley for the terms set forth below:

	Name	Date of Commencement of Office	Date of Termination of Office
1.	William T. Alexander, III	July 1, 2001	June 30, 2007
2.	Calvin Bruce Dorsey	July 1, 2001	June 30, 2003
3.	D. Wayne Dunham	July 1, 2001	June 30, 2003
4.	Howard Collins	July 1, 2001	June 30, 2005
5.	William L. Stubblefield	July 1, 2001	June 30, 2005

6. This Resolution and Order shall be effective immediately following adoption hereof.

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ENTERED into the permanent record of Berkeley County, West Virginia, this 28th day of June, 2001.

President

Commissioner

Commissioner

ATTEST:

Clerk

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Berkeley County Council

400 West Stephen Street, Suite 201
Martinsburg, West Virginia 25401
Phone (304) 264-1923

www.berkeleywv.org

The Council

William L. Stubblefield, PhD
Anthony J. "Tony" Petrucci
Douglas E. Copenhaver, Jr.
Elaine C. Mauck, M.A.
Jim Whitacre

Deborah Hammond
County Administrator

June 14, 2011

RECEIVED
JUN 17 2011
BCPSWD

Mr. Lynn E. Leatherman
7689 Williamsport Pike
Falling Waters, WV 25419

Re: Berkeley County Public Service Water District

Dear Mr. Leatherman,

On behalf of the Berkeley County Council, I wish to express our appreciation to you for your tenure in the past with the Berkeley County Public Service Water District. We appreciate all your efforts in the past, and appreciate your willingness to serve again on the Berkeley County Public Service Water District as you were previously fulfilling the balance of someone else's unexpired term.

Again, thank you for your commitment to Berkeley County in the past and we look forward to working with you in the future on the Berkeley County Public Service Water District , as the Council at their June 2, 2011 meeting re-appointed you to the Berkeley County Public Service Water District. Your term with be effective June 2, 2011 and expire on June 2, 2017.

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

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

Sincerely,

Deborah Hammond
Berkeley County Administrator

DH/tlp

cc: File
Paul Fisher

Berkeley County Council

400 West Stephen Street, Suite 201
Martinsburg, West Virginia 25401
Phone (304) 264-1923

www.berkeleywv.org

The Council

William L. Stubblefield, PhD
Anthony J. "Tony" Petrucci
Douglas E. Copenhaver, Jr.
Elaine C. Mauck, M.A.
Jim Whitacre

Deborah Hammond
County Administrator

July 15, 2011

Ms. Ruby Kearns
P.O. Box 33
Inwood, WV 25428

Re: Berkeley County Public Service Water District

Dear Ms. Kearns,

The Berkeley County Council, at its meeting on June 23, 2011, approved your appointment to the Berkeley County Public Service Water District. This appointment will be effective June 23, 2011, and your term will expire on June 23, 2017.

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 Hammond
County Administrator

cc: John W. Small, Jr., County Clerk
file
Paul Fisher

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BCPSWD

John W Small Jr
BERKELEY County 04:18:12 PM
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Date Recorded 05/31/2013
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Pages Recorded 1
Book-Page 6-275

United States of America

State of West Virginia

County of Berkeley, ss:

I, **BRETT ALAN HERSH** do solemnly swear I will support the Constitution of the United States and the Constitution of the State of West Virginia and I will faithfully discharge the duties of my office as **APPOINTED MEMBER** of the **BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT** for the term commencing on **Thursday, May 30, 2013** and ending on **Tuesday, June 2, 2015**, to the best of my skill and judgment. So help me God.

BRETT ALAN HERSH

Subscribed and sworn before the undersigned, on Friday, May 31, 2013.

John W Small
Berkeley County Clerk

26294

United States of America

John W Small Jr
BERKELEY County 01:30:27 PM
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Date Recorded 06/21/2011
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Pages Recorded 1
Book-Page 6-118

State of West Virginia

County of Berkeley, ss:

I, **LYNN E. LEATHERMAN** do solemnly swear I will support the Constitution of the United States and the Constitution of the State of West Virginia and I will faithfully discharge the duties of my office as **MEMBER** of the **BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT** for the term commencing on **Thursday, June 2, 2011** and ending on **Friday, June 2, 2017**, to the best of my skill and judgment. So help me God.

LYNN E. LEATHERMAN

Subscribed and sworn before the undersigned, on Tuesday, June 21, 2011.

John W Small
Berkeley County Clerk

31185

United States of America

John W Small Jr
BERKELEY County 12:06:19 PM
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Date Recorded 07/19/2011
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Book-Page 6-132

State of West Virginia

County of Berkeley, ss:

I, **RUBY KERN** do solemnly swear I will support the Constitution of the United States and the Constitution of the State of West Virginia and I will faithfully discharge the duties of my office as **MEMBER** of the **BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT** for the term commencing on **Thursday, June 23, 2011** and ending on **Friday, June 23, 2017**, to the best of my skill and judgment. So help me God.

Ruby Kern

RUBY KERN

Subscribed and sworn before the undersigned, on Tuesday, July 19, 2011.

John W. Small

John W Small
Berkeley County Clerk

United States of America

State of West Virginia

County of Berkeley, ss:

I, **GREGORY RHOE** do solemnly swear I will support the Constitution of the United States and the Constitution of the State of West Virginia and I will faithfully discharge the duties of my office as of the **BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT** for the term commencing on **Monday, July 1, 2013** and ending on **Sunday, June 30, 2019**, to the best of my skill and judgment. So help me God.

GREGORY RHOE

Subscribed and sworn before the undersigned, on Thursday, June 6, 2013.

John W Small
Berkeley County Clerk

State of West Virginia,

Berkeley County, Sct.:

Before me, JOHN W. SMALL, JR. Clerk of the Court of the County and State aforesaid, personally appeared WAYNE DUNHAM who has been duly APPOINTED to the office of BERKELEY COUNTY PUBLIC SERVICE WATER 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 BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT to the best of my skill and judgment. So help me God.

TERM EXPIRES: JULY 2, 2015

D. Wayne Dunham
WAYNE DUNHAM

Given under my hand this 22 day of July, 2009

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.

Minutes

BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT

Regular Meeting
(Monday) January 12, 2015 5:00 p.m.

The Board of Directors of the Berkeley County Public Service District met at 251 Caperton Blvd. on January 12, 2015.

Present: Board Members: Greg Rhoe, Wayne Dunham, Ruby Kern, Brett Hersh, Lynn Leatherman; Executive Director Chris Thiel; District Counselor Hoy Shingleton; Recording Secretary Kandy Gainey; County Council Liaison Jim Barnhart; Guests: BCPSWD employee Daryl Mason, Samantha Cronk from The Journal, John Stump from Steptoe-Johnson.

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 with the addition of an Executive Session between items 6 and 7.

Moved – Wayne Dunham
Second – Ruby Kern
Passed – Unanimously

Election of Officers for 2015

A motion was made to nominate Greg Rhoe as Chairman of the Board. There were no further nominations.

Moved – Lynn Leatherman
Second – Ruby Kern
Passed – Unanimously

A motion was made to nominate Lynn Leatherman as Vice Chairman of the Board. There were no further nominations.

Moved – Wayne Dunham
Second – Ruby Kern
Passed – Unanimously

A motion was made to nominate D. Wayne Dunham as Secretary. There were no further nominations.

Moved – Ruby Kern
Second – Lynn Leatherman
Passed – Unanimously

A motion was made to nominate Ruby Kern as Treasurer. There were no further nominations.

Moved – Greg Rhoe
Second – Wayne Dunham
Passed – Unanimously

A motion was made to nominate Brett Hersh as Parliamentarian. There were no further nominations.

Moved – Lynn Leatherman
Second – Ruby Kern
Passed – Unanimously

Approval of Minutes of the regular meeting of December 22th, 2014

The Board approved the minutes of the regular meeting of December 22th, 2014 as presented.

Moved — Ruby Kern
Second – Brett Hersh
Passed— Unanimously

Executive Session to Discuss Legal Matters

No action is expected following the Executive Session.

A motion was made that we enter Executive Session to discuss legal matters.

Moved — Lynn Leatherman
Second – Wayne Dunham
Passed— Unanimously

Bond Resolution Approval

John Stump discussed the details of the proposed refunding and the Parameters of the Terms and Conditions of the Water Revenue Bonds Series 2015A and 2015B. The offering documents were sent to Brian Nurick at Compass Municipal Advisors on January 11th, 2014. The next step is for Compass Municipal Advisors to

schedule a bond-rating meeting.

A motion was made to approve a Bond Resolution authorizing the issuance of Water Revenue Bonds Series 2015A to refund the 2006 bond issue.

Moved — Lynn Leatherman
Second – Ruby Kern
Passed— Unanimously

A motion was made to approve a Bond Resolution authorizing the issuance of Water Revenue Bonds Series 2015B to refund the 2003B bond issue.

Moved — Ruby Kern
Second – D. Wayne Dunham
Passed— Unanimously

A motion was made to approve a Supplemental Resolution that provides the Parameters for the Terms and Conditions of the Series 2015A bonds.

Moved — Brett Hersh
Second – Lynn Leatherman
Passed— Unanimously

A motion was made to approve a Supplemental Resolution that provides the Parameters for the Terms and Conditions of the Series 2015B bonds.

Moved —D. Wayne Dunham
Second –Ruby Kern
Passed— Unanimously

Approval of Check Registers

A motion was made to approve the check registers as presented for the month of December 2014.

Moved –Ruby Kern
Second –Brett Hersh
Passed – Unanimously

Report from the Executive Director

Chris discussed the annual fee increase from WV Rural Water.

Attachments

1. Letter from Lee Snyder and Map of Proposed Water Line

Good of the Order & Public Comments

Chariman Rhoe addressed John Stump from Steptoe-Johnson and requested information about the types of collateral the Water District is required to report on the bond documents.

Chairman Rhoe requested that Chris and Hoy contact Norwood Bentley at the County Council to inquire about prevailing wage legislation and any involvement that may be needed from the Water District.

Adjournment

There being no further business, motion made for adjournment at 6:30 p.m.
Motion— D. Wayne Dunham

Gregory S. Rhoe
Chairman

D. Wayne Dunham
Secretary

Kandy Gainey
Recording Secretary

Minutes

BERKELEY COUNTY PUBLIC SERVICE
WATER DISTRICT

Regular Meeting
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Second – Ruby Kern
Passed – Unanimously

Election of Officers for 2015

A motion was made to nominate Greg Rhoe as Chairman of the Board. There were no further nominations.

Moved – Lynn Leatherman
Second – Ruby Kern
Passed – Unanimously

A motion was made to nominate Lynn Leatherman as Vice Chairman of the Board. There were no further nominations.

Moved – Wayne Dunham
Second – Ruby Kern
Passed – Unanimously

A motion was made to nominate D. Wayne Dunham as Secretary. There were no further nominations.

Moved – Ruby Kern
Second – Lynn Leatherman
Passed – Unanimously

A motion was made to nominate Ruby Kern as Treasurer. There were no further nominations.

Moved – Greg Rhoe
Second – Wayne Dunham
Passed – Unanimously

A motion was made to nominate Brett Hersh as Parliamentarian. There were no further nominations.

Moved – Lynn Leatherman
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Passed – Unanimously

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A motion was made that we enter Executive Session to discuss legal matters.

Moved — Lynn Leatherman
Second – Wayne Dunham
Passed— Unanimously

Bond Resolution Approval

John Stump discussed the details of the proposed refunding and the Parameters of the Terms and Conditions of the Water Revenue Bonds Series 2015A and 2015B. The offering documents were sent to Brian Nurick at Compass Municipal Advisors on January 11th, 2014. The next step is for Compass Municipal Advisors to

schedule a bond-rating meeting.

A motion was made to approve a Bond Resolution authorizing the issuance of Water Revenue Bonds Series 2015A to refund the 2006 bond issue.

Moved — Lynn Leatherman
Second – Ruby Kern
Passed— Unanimously

A motion was made to approve a Bond Resolution authorizing the issuance of Water Revenue Bonds Series 2015B to refund the 2003B bond issue.

Moved — Ruby Kern
Second – D. Wayne Dunham
Passed— Unanimously

A motion was made to approve a Supplemental Resolution that provides the Parameters for the Terms and Conditions of the Series 2015A bonds.

Moved — Brett Hersh
Second – Lynn Leatherman
Passed— Unanimously

A motion was made to approve a Supplemental Resolution that provides the Parameters for the Terms and Conditions of the Series 2015B bonds.

Moved —D. Wayne Dunham
Second –Ruby Kern
Passed— Unanimously

Approval of Check Registers

A motion was made to approve the check registers as presented for the month of December 2014.

Moved –Ruby Kern
Second –Brett Hersh
Passed – Unanimously

Report from the Executive Director

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There being no further business, motion made for adjournment at 6:30 p.m.
Motion— D. Wayne Dunham

Gregory S. Rhoe
Chairman

D. Wayne Dunham
Secretary

Kandy Gainey
Recording Secretary

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Writer's Contact Information

February 26, 2015

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Assured Guaranty Municipal Corp.
New York, New York

Re: Berkeley County Public Service District, West Virginia,
Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

Ladies and Gentlemen:

We have acted as bond counsel to Berkeley County Public Service District, West Virginia (the "Issuer") and in such capacity have examined a record of proceedings relating to the issuance by the Issuer of its $525,000 aggregate principal amount of Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds").

The Series 2015 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 January 12, 2015, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on January 12, 2015 and a Certificate of Determinations dated February 17, 2015 (collectively, the "Bond Legislation"), and are subject to all the terms and conditions of the Bond Legislation. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Bond Legislation.

The Series 2015 B Bonds are issued in fully registered form, are dated their date of original issuance, February 26, 2015, mature on December 1, 2018 in the years and amounts, and bear interest payable each June 1 and December 1, commencing June 1, 2015 all as set forth in the Bond Legislation.

The Bond Legislation provides that the Series 2015 B Bonds are issued for the purpose, along with other funds of the Issuer available therfore, of (i) paying a portion of the cost of currently refunding all outstanding maturities of the Issuer's Water Revenue Bonds, Series 2003 B (Bank Qualified) dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds") on March 20, 2015; (ii) purchasing a municipal bond debt service reserve insurance policy from Assured Guaranty Municipal Corp. sufficient to satisfy the Debt Service Reserve Requirement for the Series 2015 B Bonds; (iii) purchasing a municipal bond insurance policy from Assured Guaranty Municipal Corp. to secure the payment of the Series 2015 B Bonds; and (iv) pay certain costs of issuance of the Series 2015 B Bonds and related costs. In connection with the current refunding, the Issuer has entered into a Prepayment Agreement, dated as of February 26, 2015 (the "Prepayment Agreement"), with the West Virginia Municipal Bond Commission, the Paying Agent.

The Series 2015 B Bonds have been sold to Piper Jaffray & Co. (the "Original Purchaser"), pursuant to a competitive sale held February 17, 2015, with the assistance of Compass Municipal Advisors, LLC serving as Municipal Advisor to the Issuer.

As to questions of fact material to our opinion, we have relied upon representations and warranties of the Issuer, the Original Purchaser, the Municipal Advisor, and other entities; the representations and warranties contained in the Bond Legislation, the Continuing Disclosure Agreement, dated the date hereof (the "Continuing Disclosure Agreement"), between the Issuer and United Bank, Inc., and the Tax Certificate and Agreement, dated the date hereof (the "Tax Certificate"), executed by the Issuer; the certified proceedings and other certifications of certain officials of the Issuer; and certifications of authorized representatives of the Issuer, Original Purchaser and the Municipal Advisor and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants and representations of the Issuer and others set forth in the Bond Legislation, the Continuing Disclosure Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing public service district under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Bond Legislation, enter into the Prepayment Agreement, the Continuing Disclosure Agreement and Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2015 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 Bond Legislation, has authorized, executed and delivered the Prepayment Agreement, the Continuing Disclosure Agreement and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2015 B Bonds, and has issued and sold the Series 2015 B Bonds to the Original Purchaser. The Bond Legislation is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Prepayment Agreement, the Continuing Disclosure Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms. We have examined the executed and authenticated Series 2015 B Bonds of said issue, and, in our opinion, said Series 2015 B Bonds are in proper form and have been duly executed and authenticated.

4. The Series 2015 B Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from and secured by a first lien on the Net Revenues of the System, on a parity with the Issuer's: (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 and held by the West Virginia Water Development Authority (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 and held by the West Virginia Water Development Authority (the "Series 1993 D Bonds"); (iii) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 and held by the West Virginia Water Development Authority (the "Series 1996 Bonds"); (iv) 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"); (v) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (vi) Water Revenue Bonds,

Series 2007 A (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 A Bonds"); (vii) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000 (the "Series 2008 Bonds"); (viii) Water Revenue Bonds, Series 2009 (Bank Qualified, dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (the "Series 2009 Bonds"); (ix) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012 issued in the aggregate principal amount of $7,425,000 (the "Series 2012 A Bonds"); (x) Water Revenue Bonds, Series 2012 B (Bank Qualified), dated December 20, 2012 issued in the aggregate principal amount of $7,800,000 (the "Series 2012 B Bonds"); (xi) Water Refunding Revenue Bonds, Series 2013 A (Bank Qualified) dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000 (the "Series 2013 A Bonds"); (xii) Water Refunding Revenue Bonds, Series 2013 B (Taxable), issued in the aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds"), and (xiii) Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified), issued concurrently herewith in the aggregate principal amount of $9,575,000 (the "Series 2015 A Bonds") (collectively referred to herein as the "First Lien Bonds.")

There are also outstanding obligations of the Issuer which are subordinate to the Series 2015 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority (the "Series 1993 C Bonds" or the "Second Lien Bonds"). The First Lien Bonds and Second Lien Bonds are hereinafter collectively called the "Prior Bonds". The Series 2015 B Bonds are enforceable in accordance with their terms and the terms of the Bond Legislation, and are entitled to the benefits of the Bond Legislation and the Act.

5. The Series 2003 B Bonds have been paid within the meaning and with the effect expressed in the Bond Resolution, as supplemented, pursuant to which they were issued, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 2003 B Bonds have been satisfied and discharged.

6. 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 2015 B Bonds is excludable from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of calculating the alternative minimum tax on certain corporations (as defined for federal income tax purposes), such interest is taken into account as an adjustment to current earnings of such corporations.

Ownership of tax-exempt obligations, including the Series 2015 B Bonds, may result in collateral federal income tax consequences to certain taxpayers. We offer no opinion as to such collateral tax consequences or any other federal tax consequences arising with respect to the Series 2015 B Bonds. Prospective purchasers of the he Series 2015 B Bonds should consult their own tax advisors as to such consequences.

The portion of the Series 2015 B Bonds which are being used to refund the outstanding principal amount of the Series 2003 B Bonds are "deemed designated" by the Issuer pursuant to Section 265(b)(3) of the Code. The Issuer has designated the remainder of the Series 2015 B Bonds as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code and covenanted that not more than $10,000,000 aggregate principal amount of obligations, including the portion of the Series 2015 B Bonds in excess of the outstanding principal amount of the Series 2003 B Bonds and the Series 2015 B Bonds, the interest on which is excludable (under Section 103(a) of the Code) from gross income for

federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code, including the portion of the Series 2015 B Bonds which have been "deemed designated," have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2015, all as determined in accordance with the Code.

The opinions set forth in this paragraph 6 are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code") that must be satisfied for interest on the Series 2015 B Bonds to be or continue to be excludable from gross income for federal income tax purposes, and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2015 B Bonds set forth in the Bond Legislation, the Prepayment Agreement, the Tax Certificate and the certifications of the Issuer and others (collectively, the "Tax Covenants"). Failure to comply with the Tax Covenants could cause the interest on the Series 2015 B Bonds to be included in gross income retroactively to the date of issuance of the Series 2015 B Bonds.

7. Under the Act, the Series 2015 B Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

8. The Series 2015 B Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2015 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2015 B Bonds and the enforceability of the Series 2015 B Bonds, the Bond Legislation, the Prepayment Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by 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 do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the Official Statement prepared and used in connection with the offering and sale of the Series 2015 B Bonds.

The opinions expressed in this letter are based upon the law in effect on the date hereof, and may be affected by actions taken or omitted or events occurring after the date hereof, including subsequent interpretations of the applicable law by competent judicial, regulatory and administrative authorities that modify, revoke, supplement, reverse, overrule or otherwise change applicable law and current interpretations thereof. We assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

This opinion is intended solely for the benefit of the addressee and may not be relied upon by any other person or entity without, in each such case, our express written consent.

Very truly yours,

STEPTOE & JOHNSON PLLC

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

304-262-4773 Telephone **shinglet@comcast.net**
304-262-4775 Fax

February 26, 2015

Berkeley County Public Service District
Martinsburg, West Virginia

Assured Guaranty Municipal Corp.
New York, New York

Re: Berkeley County Public Service District
$525,000 Water Refunding Revenue Bonds Series 2015 B (Bank Qualified)

Ladies and Gentlemen:

I have acted as counsel for Berkeley County Public Service District (the "Issuer") and have acted as such in connection with the sale of the above-referenced Bonds (the "Bonds"), which are being delivered, and have been sold to Piper Jaffray & Co. (the "Original Purchaser"), pursuant to a competitive sale held February 17, 2015, with the assistance of Compass Municipal Advisors, LLC serving as Municipal Advisor to the Issuer. Any capitalized term used herein and not defined shall have the meaning assigned to it in the Bond Resolution.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the 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 (the "Act"), the Resolution of the Issuer relating to the Bonds adopted by the Public Service Board of the District on January 12, 2015 (the "Bond Resolution"), as supplemented by a supplemental parameters resolution adopted by the Public Service Board of the District on January 12, 2015 (the "Supplemental Parameters Resolution") and a Certificate of Determinations executed by the Chairman of the Issuer on February 17, 2015 (the "Certificate of Determinations," and, collectively with the Supplemental Parameters Resolution and the Bond Resolution, hereinafter the "Bond Legislation"), the Continuing Disclosure Agreement (the "Undertaking"), the Preliminary Official Statement dated February 10, 2015, and the Official Statement dated February 17, 2015, with respect to the issuance and offering of the Bonds (collectively the "Official Statement"), and a closing certificate of the Issuer. 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 political subdivision and public service district of the State of West Virginia.

2. The District has complied with all requirements of the Act that must be satisfied in connection with the issuance of the Bonds.

3. No litigation is pending, or to my 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 Net Revenues of the System 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 or the Bond Legislation, or contesting the powers of the District with respect to the Bonds, the Bond Legislation, or the Undertaking or any transaction described in or contemplated by the Official Statement.

4. 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 regarding the District, in light of the circumstances under which they were made, not misleading.

5. The statements contained in the Official Statement under the captions "The Series 2015 B Bonds", "Security for the Series 2015 B Bonds", "The District and the System", "Absence of Material Litigation", and "Financing Plan," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Resolution, are accurate and present a fair summary of the matters referred to therein.

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

Very truly yours,

Law Offices of Hoy Shingleton, L.C.

By: _____
Hoy G. Shingleton, Jr., Esquire

Berkeley County Public Service District

Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

GENERAL CERTIFICATE OF BERKELEY COUNTY
PUBLIC SERVICE DISTRICT ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. PUBLIC SERVICE COMMISSION APPROVAL
5. RATES
6. AWARD OF BONDS; SIGNATURES
7. DELIVERY AND PAYMENT
8. CERTIFICATION OF DOCUMENTS
9. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
10. MEETINGS, ETC.
11. INCUMBENCY AND OFFICIAL NAME
12. DEFEASANCE OF SERIES 2003 B BONDS
13. SPECIMEN BONDS
14. NO FEDERAL GUARANTY
15. IRS INFORMATION RETURN
16. OFFICIAL STATEMENT CERTIFICATION
17. CERTIFICATIONS OF ISSUER
18. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
19. COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of Berkeley County Public Service District, West Virginia (the "Issuer"), hereby certify this 26th day of February, 2015 in connection with the Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), dated the date hereof, issued in the original aggregate principal amount of $525,000 (the "Series 2015 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 as set forth in the Bond Resolution of the Issuer adopted January 12, 2015, as supplemented by a Supplemental Parameters Resolution of the Issuer adopted January 12, 2015 and a Certificate of Determinations dated February 17, 2015, and executed by the Chairman of the Issuer (collectively, the "Bond Legislation").

2. NO LITIGATION: Except as otherwise disclosed in the Official Statement, no controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance, sale and delivery of the Series 2015 B Bonds, the refunding of the Series 2003 B Bonds, the collection or use of the revenues of the System, or the respective pledge thereof to the payment of the principal and interest on the Series 2015 B Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2015 B Bonds, nor in any manner affecting the validity or enforceability of

the Series 2015 B Bonds, the Bond Legislation, or the sale of the Series 2015 B Bonds by the Issuer to Piper Jaffray & Co. (the "Original Purchaser") by competitive bid on February 17, 2015, or any agreement or instrument relating thereto, used or contemplated by the Bond Legislation or any provisions made or authorized for the payment of the Series 2015 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 2015 B Bonds or the refunding and payment of the Series 2003 B Bonds, which is not set forth in the Official Statement relating to the Series 2015 B Bonds.

3. GOVERNMENTAL APPROVALS: All applicable approvals and certificates required by law for operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2015 B Bonds, have been obtained as of the date hereof and remain in full force and effect.

4 PUBLIC SERVICE COMMISSION APPROVAL: The Public Service Commission of West Virginia has approved the refunding of the Series 2003 B Bonds by Recommended Decision dated October 7, 2014 which became a Final Order on _October 27, 2014 in Case No. 14-1356-PWD-PC. The Final Order is in full force and effect.

5. RATES: The rates for the System, as approved by the Public Service Commission of West Virginia, by Recommended Decision dated October 28, 2013 which became a Final Order on November 17, 2013 in Case No. 13-0106-PWD-42A-PC, are in full force and effect.

6. AWARD OF BONDS; SIGNATURES: The Series 2015 B Bonds were sold to the Original Purchaser pursuant to a competitive sale held February 17, 2015, with the assistance of Compass Municipal Advisors, LLC, serving as Municipal Advisor to the Issuer at an aggregate purchase price of $533,541.84 (par amount of $525,000 plus a net reoffering premium in the amount of $11,798.40, and less underwriter's discount of $3,256.56).

As of the date hereof, the Series 2015 B Bonds were duly signed by the manual signature of the Chairman, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed or imprinted thereon and attested by the manual signature of the Secretary.

7. DELIVERY AND PAYMENT: On the date hereof the undersigned Chairman did deliver to the Underwriter the entire issue of the Series 2015 B Bonds, numbered BR-1 to BR-4.

At the time of delivery of the Series 2015 B Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Par Amount of Series 2015 B Bonds	$525,000.00
Plus Reoffering Premium	11,798.40
Less: Underwriter's Discount	($3,256.56)
Purchase Price	$533,541.84

Series 2015 B Bonds proceeds in the amount of $533,541.84 was made in immediately available funds (federal funds wire) and, along with monies on deposit in the Debt Service Fund for the Series 2003 B Bonds in the amount of $78,313.56 and the Reserve Fund for the Series 2003 B Bonds in the amount of $175,936.59, the uses are shown below:

Deposit to Pay Series 2003 B Bonds	$767,440.14
Bond Insurance Premium	1,372.30
Surety Bond Premium	525.00
Cost of Issuance	18,454.55
Transfer from Series 2003 B Debt Service Fund	(78,313.56)
Transfer from the Series 2003 B Reserve Fund	(175,936.59)
Purchase Price	$533,541.84

8. CERTIFICATION OF DOCUMENTS: There are delivered herewith true and correct copies of the following documents, all which remain in full force and effect and have not been amended, modified, supplemented or repealed unless changed by the terms of other documents listed below:

Bond Resolution

Supplemental Parameters Resolution

Certificate of Determinations

County Commission Orders Relating to Creation of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Parameters Resolution

Preliminary Official Statement

Official Statement

Notice of Sale

Continuing Disclosure Agreement

Consent of WDA

Municipal Bond Insurance Policy

Prepayment Agreement

Receipt and Release

Notice of Redemption

Prior Bond Resolutions

9. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: Except as otherwise disclosed in the Official Statement, there has been no adverse change in the financial condition of the Issuer or the System since June 30, 2014.

(1) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 and held by the West Virginia Water Development Authority (the "Series 1993 B Bonds");

(2) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 and held by the West Virginia Water Development Authority (the "Series 1993 D Bonds");

(3) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 and held by the West Virginia Water Development Authority (the "Series 1996 Bonds");

(4) 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");

(5) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds");

(6) Water Revenue Bonds, Series 2007 A (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 A Bonds");

(7) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000 (the "Series 2008 Bonds");

(8) Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (the "Series 2009 Bonds");

(9) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012, issued in the aggregate principal amount of $7,425,000 (the "Series 2012 A Bonds");

(10) Water Revenue Bonds, Series 2012 B (Bank Qualified), dated December 20, 2012, issued in the aggregate principal amount of $7,800,000 (the "Series 2012 B Bonds");

(11) Water Refunding Revenue Bonds, Series 2013 A (Bank Qualified), dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000 (the "Series 2013 A Bonds");

(12) Water Refunding Revenue Bonds, Series 2013 B (Taxable), dated December 30, 2013, issued in the original aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds"); and

(13) Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified) issued concurrently with the Series 2015 B Bonds in the original aggregate principal amount of $9,575,000 (the "Series 2015 A Bonds");

and there are outstanding obligations of the Issuer which are subordinate to the Series 2015 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's:

(1) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority (the "Series 1993 C Bonds").

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 2001 A Bonds, the Series 2003 C Bonds, the Series 2007 A Bonds, the Series 2008 Bonds, the Series 2009 Bonds, Series 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds, the Series 2013 B Bonds and the Series 2015 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 First Lien Bonds and Second Lien Bonds are collectively referred to as the "Prior Bonds".

The Series 2015 B Bonds shall be issued on a parity with one another and with the First Lien Bonds and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the First Lien Bonds and the Resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The respective debt service reserve funds for the Prior Bonds are adequately funded as of the date hereof.

10. 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 2015 B

Bonds 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 Issuer, and all applicable statutes, including Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the public service board was present and acting at all times during all such meetings.

11. 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
Brett Hersh	May 30, 2015	June 2, 2015
Ruby Kern	June 23, 2011	June 23, 2017
Lynn Leatherman	June 2, 2011	June 2, 2017
Gregory Rhoe	July 1, 2015	June 30, 2019
D. Wayne Dunham	July 22, 2009	July 2, 2015

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 2015 are as follows:

Chairman	–	Gregory Rhoe
Secretary	–	D. Wayne Dunham

The duly appointed and acting Counsel to the Issuer is Hoy Shingleton, Esquire, Martinsburg, West Virginia.

12. DEFEASANCE OF SERIES 2003 B BONDS: As of the date hereof, the Series 2003 B Bonds have been prepaid and refunded and the liens and pledges securing the Series 2003 B Bonds have been discharged and defeased.

13. SPECIMEN BONDS. Delivered concurrently herewith are true and accurate specimens of the Series 2015 B Bonds.

14. NO FEDERAL GUARANTY: The Series 2015 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.

15. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Ogden, Utah, with respect to the Series 2015 B Bonds.

16. 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 light of the circumstances under which they were made, not misleading.

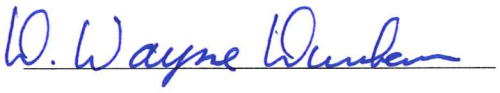
17. CERTIFICATIONS OF ISSUER: In addition to the foregoing, the undersigned Chairman and Secretary hereby certify as follows: (i) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing, (ii) the Issuer has authorized, by all necessary action, the refunding of the Series 2003 B Bonds, the execution, delivery, receipt and due performance of the Series 2015 B Bonds, the Undertaking represented by the Continuing Disclosure Agreement, the Bond Legislation and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to and consummate the transactions contemplated by the Bond Legislation and by the Official Statement, (iii) to the Issuer's knowledge no litigation is pending or threatened which would restrain or enjoin the refunding of the Series 2003 B Bonds, the collection of the Gross Revenues, the pledge of the Net Revenues to the Series 2015 B Bonds, the issuance or sale of the Series 2015 B Bonds or in any way affecting any authority for or the validity of the Series 2015 B Bonds or the Bond Legislation, (iv) to the best of our knowledge following appropriate inquiry, the execution, delivery, receipt and due performance of the Series 2015 B Bonds, the Undertaking, the Bond Legislation and the other agreements contemplated by the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on its part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which the Issuer is or may be bound, (v) to the best of our knowledge, no event affecting the Issuer has occurred since the date of the Official Statement that should be disclosed in the Official Statement to make the statements and information therein not misleading in any material respect for the purposes for which it is to be used, (vi) the Issuer is in compliance with all covenants in its outstanding resolutions which authorized bonds secured by the Net Revenues of the System, and (vii) the Issuer is obligated by such Continuing Disclosure Agreement and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5), excepting only such matters as may be described in the Continuing Disclosure section of the Official Statement.

18. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of (a) United Bank, Inc., Charleston, West Virginia, as Registrar, (b) Susquehanna Bank, Martinsburg, West Virginia, as Depository Bank, and (c) West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent.

19. COUNTERPARTS: This Certificate may be executed in counterparts, and all counterparts shall be deemed to be the Certificate.

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

[SEAL]

Signature	Official Title
	Chairman
	Secretary

Berkeley County Public Service District
Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

Dated: February 26, 2015

Delivery Date: February 26, 2015

TAX AND NON-ARBITRAGE CERTIFICATE

The undersigned Gregory Rhoe, Chairman of Berkeley County Public Service District, West Virginia (the *"Issuer"*), being the officer of the Issuer responsible for issuing the $525,000 aggregate principal amount of its Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the *"Series 2015 B Bonds"*), hereby certifies on this 26th day of February, 2015 as follows. The Series 2015 B Bonds are being issued and delivered on February 26, 2015, pursuant to the Bond Act (as defined below), and the Bond Resolution, adopted by the Issuer on January 12, 2015, as supplemented by the Supplemental Parameters Resolution, adopted by the Issuer on January 12, 2015 (collectively, the *"Bond Legislation"*).

This Tax and Non-Arbitrage Certificate (the *"Tax Certificate"*) is executed on the date hereof for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Series 2015 B Bonds. The certifications and representations made herein are intended, and may be relied upon, as a certification described in Regulations §1.148-2(b)(2). In addition, the Issuer is relying upon certificates and representations of Piper Jaffray & Co., as the underwriter (the *"Underwriter"*), and of Compass Municipal Advisors, LLC (the *"Financial Advisor"*) in making certain of its certifications relating to matters covered in the Underwriter's Certificate attached to this Tax Certificate. This Tax Certificate also sets forth certain terms and conditions relating to the restrictions on the use and investment of the proceeds of the Series 2015 B Bonds in order that the interest received by the owners thereof 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 Series 2015 B Bonds are being executed and delivered by the Chairman pursuant to the Bond Legislation and such execution and delivery was authorized by the Bond Legislation.

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

Section 1.3 Purpose of the Series 2015 B Bonds. The Series 2015 B Bonds are being executed and delivered for and on behalf of the Issuer for the following purposes:

(i) to refund on March 20, 2015, that is, within 90 days of the issue date of the Series 2015 B Bonds, all of the Issuer's outstanding Water Revenue Bonds, Series 2003 B (Non-Bank Qualified), dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the *"Refunded Bonds"*);

(ii) to pay the premium for a municipal bond insurance policy (the *"Insurance Policy"*) from Assured Guaranty Municipal Corp. (*"Assured Guaranty"* or the *"Bond Insurer"*) in order to insure the timely payment of debt service on the Series 2015 B Bonds;

(iii) to pay the premium for a municipal bond debt service reserve insurance policy from Assured Guaranty Municipal Corp. (the *"Surety Bond"*) in an amount necessary to meet the Reserve Requirement for the Series 2015 B Bonds; and

(iv) to pay the costs of issuing the Series 2015 B Bonds and related costs.

Section 1.4 Reliance on Other Parties. The expectations of the Issuer concerning certain uses of the proceeds of the Series 2015 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 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 accompanying certificates.

Section 1.5 Private Activity Bond Representations. For purposes of determining whether the Series 2015 B Bonds are private activity bonds, the Issuer makes the following representations. For this purpose, the proceeds of the Series 2015 B Bonds used for refunding purposes are treated in the same manner as the proceeds of the Refunded Bonds.

(i) Not more than ten percent (10%) of the proceeds of the Series 2015 B Bonds will be used, directly or indirectly, for a private business use.

(ii) Not more than ten percent (10%) of the payment of principal of or interest on the Series 2015 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 Series 2015 B Bonds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(iv) No user of the facilities that were financed with the Refunded Bonds other than a state or local governmental unit will 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.

(v) In order to ensure that the Series 2015 B Bonds are and remain tax-exempt under Section 103 of the Code, the Issuer agrees to comply with the Compliance Policies set forth in Exhibit C attached hereto. The Issuer further agrees and understands that if the Tax Exempt Rules are not complied with, the Issuer, in consultation with Bond Counsel, may use (i) the remedial actions set forth in Regulations §1.141-12, or (ii) the voluntary closing agreement process of the Internal Revenue Service in order to bring the Series 2015 B Bonds into compliance with the Tax Exempt Rules.

Section 1.6 Single Issue for Certain Tax Purposes. No obligations are (i) being sold at substantially the same time (*i.e.,* within fifteen (15) days) as the Series 2015 B Bonds, (ii) being sold pursuant to the same plan of financing as the Series 2015 B Bonds, and (iii) are reasonably expected to be paid from substantially the same source of funds as the Series 2015 B Bonds, determined without regard to guarantees from unrelated parties.

Section 1.7 Series 2015 B Bonds Not Hedge Bonds. At the time the Refunded Bonds were issued, the Issuer reasonably expected to spend at least eighty-five percent (85%) of the spendable proceeds of such issue, and in fact did spend at least 85% of such proceeds, to carry out the governmental purposes for which such issue was issued, within three (3) years of the issuance date thereof. Not more than fifty percent (50%) of the Refunded Bonds have been invested in investments having a substantially guaranteed yield for four (4) years or more.

Section 1.8 Qualified Tax-Exempt Obligations. The Issuer has designated the Series 2015 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Not more than $10,000,000 in aggregate principal amount of obligations the interest on which was excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Series 2015 B Bonds, have been or shall be issued during the calendar year 2015, all as determined in accordance with the Code. None of the Series 2015 B Bonds are part of a direct or indirect composite issue.

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 Series 2015 B Bonds and certain other funds. On the basis of the following, it is not expected that the Series 2015 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 Series 2015 B Bonds plus transfers from funds held for payment of the Refunded Bonds:

Par Amount of Series 2015 B Bonds	$ 525,000.00
Reoffering Premium	11,798.40
Transfer from Debt Service Fund for Refunded Bonds	78,313.56
Transfer from Reserve Fund for Refunded Bonds	175,936.59
Total Proceeds	$791,048.55

(b) Uses of Proceeds:

Pay the Refunded Bonds	$767,440.14
Bond Insurance Premium	1,372.30
Surety Bond	525.00
Cost of Issuance	18,454.55
Underwriter's Discount	3,256.56
Total Uses	$791,048.55

(i) After payment of the Underwriter's Discount in the amount of $3,256.56, an amount of $18,454.55 will be deposited in the Series 2015 B Bonds Costs of Issuance Fund established under the Bond Legislation and used to pay the costs of issuance of the Series 2015 B Bonds;

(ii) Series 2015 B Bond proceeds and the amount in the Series 2003 B Debt Service Fund and the Series 2003 B Reserve Fund for the Refunded Bonds in the total amount of $767,440.14 will be deposited on the Closing Date with the West Virginia Municipal Bond Commission in the Series 2003 B Prepayment Fund (the *"Refunded*

Bonds Prepayment Fund") and applied on March 20, 2015, to the payment in full of the principal of, redemption premium (if any), and accrued interest on the Refunded Bonds to effect the redemption and retirement thereof;

(v) An amount of $525.00 will be used on the Closing Date to purchase the Surety Bond for the 2015 B Reserve Fund; and

(vi) An amount of $1,372.30 will be used on the Closing Date to purchase the Insurance Policy for the Series 2015 B Bonds; and

Section 2.3 No Over-issuance. The total proceeds to be received from the sale of the Series 2015 B Bonds and anticipated investment earnings thereon do not exceed the total of the amount necessary to finance the governmental purposes for which the Series 2015 B Bonds are issued as described above.

Section 2.4 Investment of Proceeds. No portion of the Series 2015 B Bonds is being issued solely for the purpose of investing the proceeds at a yield higher than the yield on the Series 2015 B Bonds or to replace funds which were used, directly or indirectly, to acquire investments with a yield higher than the yield on the Series 2015 B Bonds.

Section 2.5 Funds and Accounts.

(a) General. The following funds and accounts with respect to the Series 2015 B Bonds are created and established or continued under the Bond Legislation:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2015 B Bonds Costs of Issuance Fund;

(4) Rebate Fund;

(5) Series 2015 B Bonds Sinking Fund;

(6) Series 2015 B Bonds Redemption Account; and

(7) Series 2015 B Bonds Reserve Account.

The Issuer certifies that the following sections accurately reflect various matters relating to these funds and accounts with respect to the Series 2015 B Bonds.

(b) Revenue Fund. All monies received from time to time by the Issuer from the operation of the water system (as more fully defined in the Bond Legislation, the *"Water System"*) of the Issuer are deposited into the Revenue Fund. From the Revenue Fund such monies are disbursed pursuant to the Bond Legislation to pay the operations and maintenance of

the Water System and to pay debt service on outstanding bonds of the Issuer, including the Series 2015 B Bonds. At no time were any proceeds of the Refunded Bonds on deposit in the Revenue Fund and no proceeds of the Series 2015 B Bonds shall be deposited in the Revenue Fund.

(c) Renewal and Replacement Fund. A Renewal and Replacement Fund is created under the Bond Legislation, to be funded through monthly deposits of Gross Revenues. Absent an Event of Default on the Series 2015 B Bonds, and depletion in full of the Series 2015 B Bonds Reserve Account or a call on the Surety Bond, which is not reimbursed from other funds of the Issuer, the Renewal and Replacement Fund is not expected to be used for the purpose of paying debt service on the Series 2015 B Bonds. The Issuer is required to deposit 2.5% of the Gross Revenues each month into the Renewal and Replacement Fund. Disbursements may be made from the Renewal and Replacement Fund at any time to pay for replacements, repairs or improvements of the Water System. In the event the Issuer experiences financial difficulties with respect to the Water System, it is not expected that the Renewal and Replacement Fund or any portion thereof will be available to pay debt service on the Series 2015 B Bonds. Therefore, monies in the Renewal and Replacement Fund will be invested without restriction as to yield and are not subject to rebate.

(d) Series 2015 B Bonds Costs of Issuance Fund. As described in Section 2.2(b)(i) hereof, a Series 2015 B Bonds Costs of Issuance Fund is created under the Bond Legislation to be funded from proceeds of the Series 2015 B Bonds to pay costs of issuance of the Series 2015 B Bonds. Proceeds of the Series 2015 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 Series 2015 B Bonds. For investments of amounts described in the preceding sentence, the term *"materially higher"* means one quarter of one percentage point (0.125%).

(e) Rebate Fund. The Issuer has covenanted not to use moneys in any fund or account in connection with the Series 2015 B Bonds in a manner which will cause the Series 2015 B Bonds to be arbitrage bonds within the meaning of Section 148 of the Code. To that end, the Rebate Fund was created under the Bond Legislation and will be funded to the extent required either from transfers from the other funds or accounts or from the Issuer's general funds. The MBC, as the paying agent, shall deposit into the Rebate Fund any payments received in accordance with this Tax Certificate for purposes of paying rebate to the United States Treasury 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 Regulations promulgated thereunder. Moneys in the Rebate Fund are neither pledged to nor expected to be used to pay debt service on the Series 2015 B Bonds.

(f) Series 2015 B Bonds Sinking Fund. The Series 2015 B Bonds Sinking Fund will be used primarily to achieve a proper matching of revenues and debt service within each bond year. To the extent the Series 2015 B Bonds Sinking Fund will be used to pay debt service on the Series 2015 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 ($1/12^{th}$) of the debt service on the Series 2015 B Bonds for the immediately preceding bond year. Amounts deposited in the Series 2015 B Bonds Sinking Fund will be expended to pay debt service on the Series 2015 B Bonds within thirteen (13) months from the date of deposit therein pursuant to the Bond Legislation. The Series 2015 B Bonds Sinking Fund is expected to constitute a *"bona fide debt service fund"* within the meaning of the Regulations.

Amounts deposited into the Series 2015 B Bonds Sinking Fund for the purpose of paying current debt service on the Series 2015 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 Series 2015 B Bonds. For investments of amounts described in the preceding sentence, the term *"materially higher"* means one-thousandth of one percentage point (0.001%). As long as the Series 2015 B Bonds Sinking Fund qualifies as bona fide debt service funds, amounts therein will not be subject to the arbitrage rebate requirements of Section 148(f) of the Code.

(g) Series 2015 B Bonds Reserve Account. As described in Section 2.2(b)(iv) hereof, the Series 2015 B Bonds Reserve Account will be funded with the Surety Policy to secure the payment of debt service on the Series 2015 B Bonds. The Underwriter has certified, in Exhibit A attached hereto, that the establishment and maintenance of the Series 2015 B Bonds Reserve Account was a vital factor in the marketing of the Series 2015 B Bonds. Any amounts deposited in the Series 2015 B Bonds Reserve Account will not exceed the least of (i) 10% of the proceeds of the Series 2015 B Bonds, (ii) 125% of average annual debt service on the Series 2015 B Bonds, or (iii) maximum annual debt service on the Series 2015 B Bonds. If the Surety Policy is cancelled or terminated, any amounts deposited in the Series 2015 B Bonds Reserve Account may be invested at an unrestricted yield throughout the term of the Series 2015 B Bonds and is subject to rebate.

(h) Series 2015 B Redemption Account. The Series 2015 B Redemption Account is created under the Bond Legislation. In the event moneys are deposited into the Series 2015 B Bonds Redemption Account, to the extent they are not part of a "bona fide debt service fund" within the meaning of the Regulations, they will be subject to rebate, to the extent the yield thereon exceeds the yield on the Series 2015 B Bonds. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

Section 2.6 No Replacement. Other than proceeds of the Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 B Bonds Sinking Fund and the Series 2015 B Bonds 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 Series 2015 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 Series 2015 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 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 Series 2015 B Bonds.

Section 2.9 No Transferred Proceeds. Proceeds of refunded bonds become transferred proceeds of the refunding bonds when proceeds of the refunding bonds discharge the Refunded Bonds. There are no remaining proceeds of the Refunded Bonds and all moneys currently in the 2003 B Bonds Debt Service Fund will be directly allocated on the date hereof to the escrow to be held by MBC and expended on March 20, 2015, to refund and redeem the Refunded Bonds. Thus, there will be no transferred proceeds with respect to the Series 2015 B Bonds.

ARTICLE III

CALCULATION OF YIELD

Section 3.1 Yield. For purposes of this Tax Certificate, yield is calculated as set forth in Section 148(h) of the Code and Regulations §§1.148-4 and 1.148-5. 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 Underwriter has certified in the Underwriter's Certificate, dated the date hereof, a copy of which is attached hereto as Exhibit A (the *"Underwriter's Certificate"*), that the Series 2015 B Bonds have been offered, and a substantial amount of each maturity (at least 10%) thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial respective offering prices shown on the cover page of the Official Statement for the Series 2015 B Bonds. The Issuer certifies, based upon such representations of the Underwriter, that the aggregate reoffering price of the Series 2015 B Bonds is $536,798.40, which represents the price

at which the Series 2015 B Bonds were sold to the public (excluding bond houses, brokers and other intermediaries), plus accrued interest (if any).

For purposes hereof, yield shall be calculated on a 360-day year basis with interest compounded semiannually. Based upon the above and the information in Section 3.2 hereof, the yield on the Series 2015 B Bonds on an aggregate basis as computed by the Financial Advisor, is 1.1564%.

Section 3.2. Qualified Guarantee. In connection with the issuance of the Series 2015 B Bonds the Issuer has purchased the Insurance Policy from Assured Guaranty, as the Bond Insurer, at a premium cost of $1,372.30. In addition, the Issuer has purchased the Surety Policy for the Series 2015 B Reserve Fund from the Bond Insurer at a premium cost of $525.00. The Insurance Policy and the Surety Policy impose a secondary liability on Assured Guaranty, which unconditionally shifts all of the credit risk for the payment of debt service on the Series 2015 B Bonds to the Bond Insurer. Thus, the Insurance Policy is a guarantee in substance of the Series 2015 B Bonds.

As a result of the purchase of the Insurance Policy and the Surety Policy, and pursuant to the certifications of the Underwriter in its Underwriter's Certificate, the present value of the premiums payable with respect to the Insurance Policy and the Surety Policy is less than the present value of the expected interest savings on the Series 2015 B Bonds as a result of the Insurance Policy and the Surety Policy. For this purpose, as calculated by the Underwriter, present value was determined taking into account the premiums on the Insurance Policy and the Surety Policy as a part of the discount rate. The Underwriter has also certified in its Underwriter's Certificate that the costs of the Insurance Policy and the Surety Policy, respectively, do not exceed reasonable, arm's length charges for the transfer of the credit risk on the Series 2015 B Bonds.

The Bond Insurer has certified that neither the cost of the Insurance Policy nor the cost of the Surety Policy includes any payment for any services other than the transfer of credit risk. Assured Guaranty is not a co-obligor with the Issuer on the Series 2015 B Bonds. That is, Assured Guaranty does not expect to make any payments other than under an arrangement under which the guarantor will be immediately reimbursed. Assured Guaranty and any related parties will not use more than 10% of the proceeds of the Series 2015 B Bonds. None of the cost of the Insurance Policy or the Surety Policy is repayable if the Series 2015 B Bonds are refunded in whole or in part.

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 the Refunded Bonds and any rebate or yield reduction payments required to be made with respect to the Series 2015 B Bonds. The Issuer acknowledges

that the 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, are (as applicable to a current refunding) §§1.148-0 through 1.148-11, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2. 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 Series 2015 B Bonds. The Issuer will undertake the methodology described in this Article IV of this Tax Certificate, except to the extent inconsistent with any requirements of present or future law, regulations or future guidance issued by the United States Treasury or the Internal Revenue Service or if the Issuer receives an opinion of Bond Counsel that such other methodology will not adversely affect the exclusion of interest on the Series 2015 B Bonds from gross income for federal income tax purposes.

Section 4.2 Rebate Fund. A special fund designated the *"Rebate Fund"* has been continued pursuant to the Bond Legislation. 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 Regulations §1.148-1(b)) of the Series 2015 B Bonds must be maintained for three (3) years after the Series 2015 B Bonds mature or are prepaid by the Issuer, including (i) purchase date, (ii) purchase price, (iii) any accrued interest paid, (iv) face amount, (v) coupon rate, (vi) frequency 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 Regulations §1.148-3) 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 Series 2015 B 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 Series 2015 B 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 Series 2015 B Bonds remain unpaid, and (ii) within fifty-five (55) days after the first date on which there are no unpaid Series 2015 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 2015 B Bonds remains unpaid, and within fifty-five (55) days after the last Series 2015 B Bonds 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 Series 2015 B Bonds or when the investment ceases to be a Nonpurpose Investment.

(c) The Paying Agent shall pay to the United States 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 Series 2015 B 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 Series 2015 B Bonds, an amount equal to one hundred percent (100%) of the rebate amount (determined as of the first date when there are no unpaid Series 2015 B Bonds) plus any actual or imputed earnings on such rebate amount, all as set forth in Regulations §§1.148-1 through 1.148-11 and as determined by or on behalf of the Issuer.

(d) Each payment required to be made pursuant hereto and relating to the Series 2015 B Bonds shall be filed with the Internal Revenue Service Center designated in the then-applicable Internal Revenue Service forms and instructions, on or before the date such payment is due and shall be accompanied by Internal Revenue Service Form 8038-T or successor form. The Issuer must retain records of the calculations required by this Section 4.4 until three years after the retirement of the last obligation of the Series 2015 B 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 Series 2015 B 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 Regulations §1.148-1(b)) 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 Series 2015 B 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 Sections 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 Sections 4.5(c) and (d), an investment must be valued at fair market value on the date that it is first allocated to the Series 2015 B Bonds or first ceases to be allocated to the Series 2015 B 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 Section 4.5(b) hereof, an investment need not be valued at fair market value if it is allocated to the Series 2015 B Bonds or ceases to be allocated to the Series 2015 B Bonds as a result of the transferred proceeds allocation rule under Regulations §1.148-9(b) or the universal cap rule under Regulations §1.148-6(b)(2). 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 Regulations §1.148-6(e)(5)(iii).

(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 bona fide bids from providers that have no material financial interest in the Series 2015 B 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 Six-Month Spend-Down Exception. The Issuer may qualify for the six-month exception to rebate applicable to refunding issues if the Series 2015 B Bonds satisfy the following requirements:

(a) The gross proceeds of the Series 2015 B Bonds (other than amounts in a bona fide debt service fund, a reserve fund, or arise unexpectedly after the six-month period) are allocated to expenditures for the refunding of the Refunded Bonds within six months after the Closing Date.

(b) The rebate requirement is met for amounts not required to be spent within such six-month period.

(c) Pursuant to Section 148(f)(4)(B)(ii) of the Code applicable to governmental bonds, such as the 2015 B Bonds, the six-month exception is extended to one year for unexpended amounts up to 5% of the proceeds of the 2015 B Bonds.

Section 4.7 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 4.8 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). For purposes of filing the Form 8038-G, the

Issuer's EIN is 55-6008864. The Form 8038-G attached hereto as Exhibit B is, to the best of my knowledge, true and correct, and may be relied upon by Bond Counsel.

Section 4.9 Compliance with All Rebate Requirements. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exemption of the interest on the Series 2015 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2015 B Bonds as may be necessary in order to fully comply with Section 148(f) of the Code. The Issuer covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with Section 148(f) of the Code and the Regulations, regardless of whether such actions may be contrary to any of the provisions of the Bond Legislation.

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. 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 Issuer has reserved the right to amend, supplement or modify this Tax Certificate to the extent necessary to maintain the exclusion of interest on the Series 2015 B Bonds from gross income for federal tax purposes as required pursuant to an opinion of Bond Counsel that such action does not adversely affect the exclusion of interest on the Series 2015 B Bonds from gross income for federal tax purposes.

(b) Notwithstanding any other provision herein, if the Issuer does amend, supplement or modify this Tax Certificate, such amendment, supplement or modification shall become effective only if accompanied by an opinion of Bond Counsel that such action does not adversely affect the exclusion of interest on the Series 2015 B Bonds from gross income for federal tax purposes.

Section 5.3 Severability. If any provision of this Tax Certificate (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 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 or any other provisions of the Bond Legislation to the contrary, the obligation to remit the rebate amount to the United States Treasury and to comply with all other requirements contained in this Tax Certificate shall survive the defeasance or payment in full of the Series 2015 B Bonds.

Section 5.6 Permitted Changes; Opinion of Bond Counsel. The yield restrictions contained in Section 2.5 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 Series 2015 B Bonds for federal income tax purposes.

Section 5.7 Successors and Assigns. The terms, provisions, covenants and conditions of this Tax Certificate 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 are inserted for convenience only and shall not be deemed to constitute a part of this Tax Certificate.

Section 5.9 Reliance by Bond Counsel. The Issuer hereby acknowledges and agrees that the certifications, representations, and warranties set forth in this Tax Certificate may be relied upon by Steptoe & Johnson PLLC, Bond Counsel, in rendering its opinions with respect to the Series 2015 B Bonds. To the best knowledge, information and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change any of the foregoing certifications. The representations in this Tax Certificate are made for the benefit of the purchasers of the Series 2015 B Bonds and Steptoe & Johnson PLLC, Bond Counsel, and may be relied upon by the purchasers of the Series 2015 B Bonds and said Bond Counsel in determining whether or not the Series 2015 B Bonds constitute "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations.

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DATED as of the day and year first written above.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

EXHIBIT A

CERTIFICATE OF UNDERWRITER

See Transcript No. 20

EXHIBIT B

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

TAX COMPLIANCE POLICIES

Purpose

Governmental issuers of tax-exempt and tax-credit bonds must comply with certain 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 the Berkeley County Public Service District (the *"Issuer"*), as the issuer, with these rules in connection with the issuance of the Issuer's Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "*Tax-Exempt Bonds*"). It is understood and agreed by the Issuer, and the Issuer has covenanted to take all actions necessary to maintain the Tax-Exempt Bonds as tax-exempt state and local 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 Chairman or his 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 Governmental Costs

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

- Bond proceeds will be disbursed pursuant to the Bond Ordinance, and will be a written order of an Authorized Officer, stating the date, amount and purpose of the disbursement.

- Requisitions must identify the financed property in conformity with the Tax and Non-Arbitrage Certificate executed by the Issuer at closing, including any certifications 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 in accordance with 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 Tax-Exempt Bonds are refunding bonds, the six-month spending exception may apply if the Issuer spends gross proceeds (other than amounts in a reserve fund and certain other amounts) on the governmental purpose of the bonds within six months after the issue date of the 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 construction 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.

- Reserve funds cannot exceed the least of 10% of bond proceeds, maximum annual debt service, or 125% of average annual debt service. The initial funding of any reserve fund will be measured against this limit.

- 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 subject to the Bond Ordinance 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, as set forth in the Tax and Non-Arbitrage Certificate.

- 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, Bond Ordinance, Form 8038-G, and Tax and Non-Arbitrage Certificate) 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, accounting statements and final allocation of proceeds.

- Retainable records pertaining to use of property include all agreements reviewed for nonexempt use and any reviewed documents relating to unrelated business activity.

- 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.

Berkeley County Public Service District

Water Refunding Revenue Bonds, Series 2015 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 this 26th day of February, 2015, as follows, all capitalized terms used herein to have the same meanings set forth in the Bond Resolution of Berkeley County Public Service District (the "Issuer") adopted January 12, 2015, as supplemented by a Supplemental Parameters Resolution adopted January 12, 2015 and a Certificate of Determinations dated February 17, 2015 executed by the Chairman of the Issuer (collectively, the "Bond Legislation"):

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 Bond Legislation and to serve in the capacity of Registrar under the Bond Legislation.

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 Bond Legislation, 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, attached hereto as Exhibit A, 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 Pres	

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Bond Legislation; the Bonds have been duly authenticated and delivered to the Original Purchaser, and proceeds of the Bonds have been deposited as required by the Bond Legislation.

6. All conditions precedent contained in the Bond Legislation for the issuance of the Bonds have been met, and the Bonds are entitled to the benefit and security of the Bond Legislation.

7. Attached hereto as EXHIBIT B 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 the day and year first written above.

UNITED BANK, INC.

By: Michelle R. Wittekind
Its: Authorized Officer

EXHIBIT A
Resolution of Board of Directors

(on file with Registrar)

EXHIBIT B

$525,000
WATER REFUNDING REVENUE BONDS
SERIES 2015 B (BANK QUALIFIED)

SERIAL BONDS

Maturity Date	Amount	Interest Rate	Price	Yield	CUSIP NO. **
12/1/2015	$130,000	2.000%	101.141%	0.500%	084246 JZ1
12/1/2016	$130,000	2.000%	102.363%	0.650%	084246 KA4
12/1/2017	$130,000	2.000%	102.718%	1.000%	084246 KB2
12/1/2018	$135,000	2.000%	102.748%	1.250%	084246 KC0
Total:	$525,000				

DECKER & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTING

Warm Springs Business Center • 64 Warm Springs Avenue • Martinsburg, WV 25404

February 26, 2015

Berkeley County Public Service District

Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Assured Guaranty Municipal Corp.
New York, New York

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Recommended Decision dated October 28, 2013, which became a Final Order on November 17, 2013 in Case No. 13-0106-PWD-42A-PC of the Public Service Commission of West Virginia and projected operation and maintenance expenses and anticipated customer usage as furnished to us 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 operating 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 Issuer's Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) in the aggregate principal amount of $525,000 (the "Series 2015 B Bonds"), and all other obligations secured by or payable from the Net Revenues of the System, on a parity with or junior to the Series 2015 B Bonds, including the Issuer's:

(1) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 and held by the West Virginia Water Development Authority (the "Series 1993 B Bonds");

(2) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 and held by the West Virginia Water Development Authority (the "Series 1993 D Bonds");

(3) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 and held by the West Virginia Water Development Authority (the "Series 1996 Bonds");

(4) 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");

(5) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds");

(6) Water Revenue Bonds, Series 2007 (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds");

(7) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000 (the "Series 2008 Bonds");

(8) Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (the "Series 2009 Bonds");

(9) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012, issued in the aggregate principal amount of $7,425,000 (the "Series 2012 A Bonds");

(10) Water Revenue Bonds, Series 2012 B (Bank Qualified), dated December 20, 2012, issued in the aggregate principal amount of $7,800,000 (the "Series 2012 B Bonds");

(11) Water Refunding Revenue Bonds, Series 2013 A (Bank Qualified), dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000 (the "Series 2013 A Bonds");

(12) Water Refunding Revenue Bonds, Series 2013 B (Taxable), dated December 30, 2013, issued in the original aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds");

(13) Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified), issued contemporaneously herewith in the original aggregate principal amount of $9,575,000 (the "Series 2015 A Bonds"); and

(14) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority (the "Series 1993 C Bonds") (collectively, the "Prior Bonds").

It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2015 B Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of the Series 2015 B 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 Prior Bonds and the Series 2015 B Bonds.

Sincerely,

Decker & Company PLLC

NOTICE OF SALE

$505,000* WATER REFUNDING REVENUE BONDS, SERIES 2015 B
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

BANK INTEREST DEDUCTION ELIGIBLE

Bid Date and Time: February 17, 2015; 1:00 p.m.
Bids by Facsimile: 304.267.3864
Bids by E-Mail: cthiel@berkeleywater.org
brian.nurick@compassmuni.com
and john.stump@steptoe-johnson.com

Time and Place of Sale: NOTICE IS HEREBY GIVEN that bids for the purchase of $505,000* Water Refunding Revenue Bonds, Series 2015 B, of the Berkeley County Public Service District (West Virginia) (the "Bonds") will be received by the Executive Director on behalf of the Berkeley County Public Service District, West Virginia (the "District"), in the District's offices, 251 Caperton Boulevard, Martinsburg, West Virginia, until 1:00 p.m., West Virginia time, on February 17, 2015, or such other date and time as may be established by the District and communicated by Bond Buyer Wire, Bloomberg Wire, or other electronic information service, not less than 48 hours prior to the time proposals are to be received.

Mailed or Hand-Delivered Proposals: Each mailed or hand-delivered proposal should be enclosed in an envelope marked "Proposal for Water Refunding Revenue Bonds, Series 2015 B, Berkeley County Public Service District (West Virginia)" and should be mailed or delivered to:

Berkeley County Public Service District
Attn: Executive Director
251 Caperton Boulevard
Martinsburg, West Virginia 25403

Facsimile Proposals: The District will accept the facsimile transmission of a manually signed Official Bid Form or other form of proposal at the sole risk of the bidder. The District will take reasonable steps to ensure the confidentiality of bids transmitted to it by facsimile transmission, but cannot guarantee the confidentiality of information transmitted by such means. Bids by facsimile should be transmitted to the attention of Chris Thiel, P.E., Executive Director, Fax No. 304.267.3864.

*preliminary subject to change

Electronic Proposals: Electronic proposals may be submitted through i-Deal's Ipreo Electronic Bid Submission System ("Ipreo"). No electronic bids from any other providers of electronic bidding services will be accepted. Information about the electronic bidding services of Ipreo may be obtained from i-Deal, 1359 Broadway, 2nd Floor, New York, New York 10018, Municipal Services, telephone 212.849.5023.

E-mail Proposals: E-mail proposals may be e-mailed at the sole risk of the bidder to the attention of Chris Thiel, P.E. at e-mail address: cthiel@berkeleywater.org with a copy to Brian Nurick at e-mail address: brian.nurick@compassmuni.com and John C. Stump, Esq. at john.stump@steptoe-johnson.com.

PROPOSALS MAY BE DELIVERED BY HAND, BY MAIL, BY FACSIMILE TRANSMISSION, BY ELECTRONIC BID OR BY E-MAIL, BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE DISTRICT AT THE PLACE, DATE AND TIME APPOINTED, AND THE DISTRICT SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MISDIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF BIDS.

Municipal Bond Insurance: The District has obtained a commitment for a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds from Assured Guaranty Municipal Corp. A Specimen of the aforementioned policy is attached to the Preliminary Official Statement and will be attached to the Official Statement as Appendix F. Information regarding Assured Guaranty Municipal Corp. can be obtained from Assured Guaranty Municipal Corp.'s website at http://www.assuredguaranty.com.

Book-Entry Only Bonds: The Bonds will be issued in fully registered form. If requested by the successful bidder, a single Bond or one Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, and each such Bond will be immobilized in the custody of the DTC. The DTC will act as the depository for the Bonds. Individual purchases will be made in book- entry only form in the principal amount of $5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing each year; purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates representing each maturity with DTC. Notwithstanding the foregoing, at the request of the successful bidder, the Bonds will be issued as one single fully registered bond and not issued through the book-entry system.

Bonds: The Bonds will be issued in fully registered form; will be dated and bear interest from their date of issuance (expected to be February 26, 2015) or such other date as the successful bidder may request, will be in denominations of $5,000 each or any integral multiple thereof not exceeding the principal amount of Bonds maturing each year; and will mature in successive annual installments on December 1 in each of the years and in the principal amounts, as follows:

Maturity Date	Amount
12/01/2015	$125,000
12/01/2016	125,000
12/01/2017	125,000
12/01/2018	130,000

The Bonds will bear interest from the date thereof payable semiannually on June 1 and December 1 of each year commencing June 1, 2015. Interest will be calculated on the basis of a 360- day year comprised of twelve 30-day months.

Adjustment of Maturity Schedule: The District reserves the right in its sole discretion to adjust the principal amount of any of the maturities of the Bonds (all calculations to be rounded to $5,000); provided, such adjustment will not increase the total par amount of the Bonds to more than $700,000. Such adjustment(s), if any, shall be made within twenty-four (24) hours of the award of the Bonds. In order to calculate the yield on the Bonds for federal tax law purposes and as a condition precedent to the award of the Bonds, bidders must disclose to the District in connection with their respective bids the price (or yield to maturity) at which each maturity of the Bonds will be reoffered to the public.

In the event of any adjustment of the principal amount of any of the maturities of the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Nevertheless, the award of the Bonds will be made to the bidder whose proposal produces the lowest true interest cost solely on the basis of the Bonds offered, without taking into account any adjustment of the principal amount of the maturities of the Bonds pursuant to this paragraph. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

Debt Service Reserve Fund: A debt service reserve fund will be established for the Bonds and funded with a Surety Bond from Assured Guaranty Municipal Corp delivered concurrently with the delivery of the Bonds.

Redemption Provisions: The Bonds are not subject to redemption prior to maturity.

Bank-Held Bids: Notwithstanding anything herein to the contrary, proposals may be submitted by a bidder which, at the time of initial purchase, intends to purchase and hold the Bonds for its own portfolio, upon redemption terms and conditions which may be different from those specified in this Notice of Sale.

Bid Requirements: Bidders shall specify the rate or rates of interest per annum which the Bonds are to bear, to be expressed in multiples of 1/20 or 1/8 or 1/100 of 1% with no greater difference than three (3%) percent between the highest and lowest rates of interest named by a bidder. Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for all Bonds of that maturity from their date to such maturity date. NO PROPOSAL FOR THE PURCHASE OF LESS THAN ALL THE BONDS OR A PURCHASE PRICE OF LESS THAN 100% WILL BE CONSIDERED.

Good Faith Deposit: No good faith deposit is required in connection with a bid on the Series 2015 B Bonds.

Award of Bid: After the proposals are received, they will be evaluated by the officials of the District and its Municipal Advisor based on various factors, including the true interest cost ("TIC" as further described below), redemption terms, fees of the bidder or its counsel, additional credit or underwriting approval and any other conditions set forth therein. Based on such evaluation, the Bonds will be awarded to the bidder deemed to provide the most advantageous proposal, determined in the sole discretion of the District. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount all debt service payments on the Bonds (computed at the interest rates specified in the bid and on the basis of a 360-day year comprised of twelve 30-day months) to the dated date of the Bonds, results in an amount equal to the price bid for the Bonds. In the case of a tie bid, the winning bid will be awarded by lot. The District reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 5:00 p.m., West Virginia time, on the date of the sale.

For the purpose of calculating the yield on the Bonds for Federal tax purposes as a condition precedent to the award of the Bonds, the successful bidder will, within 30 minutes after being notified of its winning bid, advise the District or its financial advisor by telephone confirmed by facsimile transmission of the initial offering prices of the Bonds to the public (expressed as a price, exclusive of accrued interest, or yield per maturity).

Bid Form: It is requested, but not required, that your bid be submitted on the attached bid form.

Official Statement: The District deems the Preliminary Official Statement to be "final" as described in SEC Rule 15c2-12(b)(1) for the purposes of such Rule. Upon the award of the Bonds, the District will prepare a Final Official Statement (the "Official Statement") in substantially the same form as the Preliminary Official Statement subject to minor additions, deletions and revisions as required to complete the Official Statement. Within seven (7) business days after the award of the Bonds, the District will provide the successful bidder a sufficient

quantity of the Official Statement to comply with Rule G-32 of the Municipal Securities Rulemaking Board. The successful bidder agrees to supply to the District all necessary pricing information and any Underwriter identification necessary to complete the Official Statement within 24 hours after the award of the Bonds.

Continuing Disclosure: In order to assist the bidders in complying with S.E.C. Rule 15c2- 12(b)(5), the District will undertake, pursuant to a Continuing Disclosure Agreement executed with United Bank, Inc., to provide certain annual financial information and notices of the occurrence of certain events if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement. Questions regarding continuing disclosure may be addressed to John C. Stump, Steptoe & Johnson PLLC, 304.353.8196 or john.stump@streptoe-johnson.com.

Registrar: United Bank. Inc. in Charleston, West Virginia, will serve as the Registrar for the Bonds.

Paying Agent: The West Virginia Municipal Bond Commission, Charleston, West Virginia, will serve as Paying Agent for the Bonds.

Purpose: The Bonds are issued (i) to pay the costs necessary to refund, along with other funds available therefore, the District's outstanding Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 and currently outstanding in the approximate aggregate principal amount of $750,000 (the "Series 2003 B Bonds" or the "Bonds to be Refunded"); (ii) to purchase a Surety Bond in an amount necessary to meet the Reserve Requirement for the Series 2015 B Bonds; (iii) to purchase a municipal bond insurance policy from Assured Guaranty Municipal Corp. to ensure the payment of the interest on, and principal of, the Series 2015 B Bonds; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs.

Legal Authority and Security: The Bonds are issued under, pursuant to and in full compliance with the Constitution and statutes of the State of West Virginia, including specifically Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"). The Bonds are issued pursuant to a bond authorizing resolution adopted by the Public Service Board of the District on January 12, 2015 and a supplemental parameters resolution adopted by the Public Service Board of the District on January 12, 2015 (collectively, the "Resolution"). The Bonds will be secured by a pledge of Net Revenues of the System on a parity with the pledge of Net Revenues securing existing First Lien Bonds (each as defined in the Resolution) and any Additional Bonds (as defined in the Resolution) and senior and prior to the lien on Net Revenues of the Second Lien Bonds (as defined in the Resolution).

Bank Qualified: The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265 of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Legal Opinion: The issuance of the Bonds is subject to the approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Hoy Shingleton, Esq., Martinsburg, West Virginia.

Municipal Advisor: Compass Municipal Advisors, LLC. has acted as Municipal Advisor to the District in connection with the issuance of the Bonds. In this capacity, Compass Municipal Advisors, LLC provided technical assistance in the preparation of the offering documents and assisted the District in preparing for this financing.

Certificate as to Issue Price: The successful bidder must provide a certificate to the District by the date of delivery of the Bonds, stating the initial reoffering price of the Bonds to the public (excluding bond houses and brokers) and the price at which a substantial amount of the Bonds were sold to the public, in form satisfactory to Bond Counsel. A sample copy of such a certificate may be obtained from Bond Counsel.

Delivery: The Bonds will be delivered through the facilities of DTC in New York, New York, on or about February 26, 2015, at the expense of the District, or at such other place as may be agreed upon with the purchaser at the expense of the purchaser. The purchase price then due must be paid in federal funds or other immediately available funds. Any cost of printing of the Bonds will be borne by the District.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the District; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

Postponement: The District reserves the right to postpone, from time to time, the date established for the receipt of bids. The District will communicate any such change in the sale date through Bond Buyer Wire, Bloomberg Wire, or other electronic information service not less than 48 hours prior to the time bids are to be received. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any alternative sale date will be announced through Bond Buyer Wire, Bloomberg Wire, or other electronic information service at least 48 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a sealed, facsimile, or electronic bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale, except for the date of sale and except for the changes announced through Bond Buyer Wire, Bloomberg Wire, or other electronic information service at the time the sale date and time are announced.

Additional Information: The Preliminary Official Statement of the District with respect to the Bonds is available via the internet at www.compassmuni.com and will be furnished to any person interested in bidding for the Bonds upon request to the District from Steptoe & Johnson PLLC. The Preliminary Official Statement should be reviewed by bidders prior to submitting a bid. Persons seeking information should communicate with:

Chris Thiel, P.E., Executive Director
Berkeley County Public Service District
251 Caperton Boulevard
Martinsburg, West Virginia 25403
Telephone: 304.267.4600
Email: cthiel@berkeleywater.org

Brian G. Nurick, Managing Director
Compass Municipal Advisors, LLC
360 East Vine Street, Suite 110
Lexington, Kentucky 40507
Telephone: 859.368.9619
Email: brian.nurick@compassmuni.com

John C. Stump, Esquire
Steptoe & Johnson PLLC
PO Box 1588
Charleston, West Virginia 25326
Telephone: 304.353.8000
Email: john.stump@steptoe-johnson.com

February 5, 2015

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

/s/ Gregory S. Rhoe
Chairman

RESERVED

Berkeley County Public Service District
Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

CERTIFICATE OF ORIGINAL PURCHASER

Piper Jaffray & Co. (the "Underwriter"), as original purchaser of the entirety of the Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in the aggregate principal amount of $525,0000, dated February 26, 2015 (the "Series 2015 B Bonds"), issued by Berkeley County Public Service District, West Virginia (the "Issuer"), based on its knowledge regarding the sale of the Series 2015 B Bonds, certifies as of the date below as follows:

All of the Series 2015 B Bonds were offered to the general public in a bona fide public offering at the initial offering prices set forth on Exhibit A attached hereto (the "Initial Offering Price" as applicable to each of the respective maturities). The fair market value of the Series 2015 B Bonds is not in excess of the Initial Offering Price. The Issue Price of the Series 2015 B Bonds, based upon the reasonable expectations of the Underwriter as of the date of the initial offering, is $536,798.40. A substantial amount (in excess of 10% of each maturity) of each maturity of the Series 2015 B Bonds, with the exception of the Series 2015 B Bonds maturing December 1, 2015, December 1, 2016 and December 1, 2017, was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters of wholesalers) at the Initial Offering Price applicable to such maturity.

The CUSIP Number assigned to the final maturity of the Series 2015 B Bonds is 084246 KC0.

The Underwriter's discount is $3,256.56, which will be withheld by the Underwriter from the purchase price otherwise paid to the Issuer as compensation for its services in selling the Series 2015 B Bonds to the public.

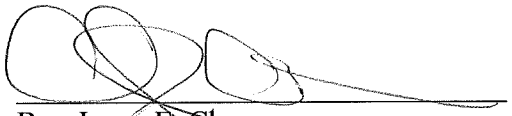
All capitalized terms not defined in this Certificate have the respective meanings set forth in the Tax and Non-Arbitrage Certificate.

The signer, Joyce E. Chaney, Managing Director, is an officer of the Underwriter duly authorized to execute and deliver this Certificate of the Underwriter. The Underwriter understands that the certifications contained in this Certificate will be relied on by the Issuer in making certain of its representations in the Tax and Non-Arbitrage Certificate and in completing and filing the Form 8038-G Information Return for the Series 2015 B Bonds, and by Steptoe & Johnson PLLC, as Bond Counsel, in rendering certain of its legal opinions in connection with the issuance of the Series 2015 B Bonds, including its opinion regarding the exclusion of interest on the Series 2015 B Bonds from gross income for federal tax purposes

provided, however, that nothing herein represents our interpretation of any laws, and in particular, regulations under Section 148 of the Internal Revenue Code.

Dated: February 26, 2015.

PIPER JAFFRAY & CO.



By: Joyce E. Chaney
Its: Managing Director

EXHIBIT A

BOND PRICING

Maturity Date	Amount	Interest Rate
12/1/2015	$130,000	2.000%
12/1/2016	$130,000	2.000%
12/1/2017	$130,000	2.000%
12/1/2018	$135,000	2.000%
Total:	$525,000	

[to be sent via electronic mail or by any means as the Depository Trust Company or any holder of the Bonds shall require, to EMMA and the Depository Trust Company at least 30 days and not more than 60 days prior to the Redemption Date]

NOTICE OF REDEMPTION - CONDITIONAL
ON FEBRUARY 17, 2015
BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)
WATER REFUNDING REVENUE BONDS, SERIES 2003 B (NON-BANK QUALIFIED)

Notice is hereby given that, Berkeley County Public Service District (the "Issuer"), pursuant to a Bond Resolution adopted by the Issuer on January 12, 2015, as supplemented by a Supplemental Parameters Resolution adopted on January 12, 2015 (collectively, the "Bond Resolution"), will issue its Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), dated February 26, 2015, in the original aggregate principal amount of $505,000 (the "Series 2015 B Bonds") for the purpose of effecting the current refunding of the entire outstanding principal amount of its Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified), dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds") in accordance with the redemption provisions of the Bond Resolution adopted by the Issuer on April 14, 2003, as supplemented by the Supplemental Resolution adopted by the Issuer on April 14, 2003. The Series 2003 B Bonds are to be redeemed in their entirety on March 20, 2015 (the "Redemption Date"). The payment which is to be made in order to effect such redemption in each case will include the principal amount at 100% of par (the "Redemption Price"), and accrued interest to the redemption date as follows:

Series 2003 B Bonds

Maturity Date (December 1)	Interest Rate	Maturity Amount	Cusip No.*
2015	4.0%	140,000	084246DL8
2016	4.1%	145,000	084246DM6
2017	4.2%	150,000	084246EDN4
2018	4.3%	155,000	084246DP9
2019	4.4%	160,000	084246DQ7

On the Redemption Date the Redemption Price and all interest accrued on the Series 2003 B Bonds will become due and payable upon the Series 2003 B Bonds and interest thereon shall cease to accrue from and after said date. On the Redemption Date there will be on deposit with the West Virginia Municipal Bond Commission (the "Paying Agent") for the Series 2003 B Bonds an amount sufficient to pay, on the Redemption Date, the Redemption Price of the Series 2003 B Bonds and the interest accrued and to accrue thereon.

The redemption described above is conditional on and subject to there being on deposit in the applicable funds and accounts with the Paying Agent on the Redemption Date sufficient moneys to pay the full Redemption Price of the Series 2003 B Bonds. If such redemption moneys are not on deposit on the Redemption Date, this notice shall be of no force and effect, the Series 2003 B Bonds shall not be redeemed pursuant hereto, and the Paying Agent

shall give notice that such moneys were not received. Failure to make such deposit shall not constitute a default under the Bond Resolution.

All Series 2003 B Bonds outstanding may be surrendered for payment and delivered to the Paying Agent at the following address:

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302
Attention: Executive Director

These securities will become due and payable on the Redemption Date at the office of the Paying Agent as indicated above.

Date of Notice: February 17, 2015

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, Registrars and Paying Agents may be obligated to withhold 31% from payments of principal to individuals who have failed to furnish the Registrar and Paying Agent with a valid Taxpayer Identification Number. Holders of the above stated securities who wish to avoid the application of these provisions should submit certified Taxpayer Identification Numbers on Form W-9 when presenting their bonds. The above CUSIP Numbers are provided solely for the convenience of the bondholders. The Registrar does not certify as to their correctness or completeness.

**The above CUSIP Numbers are provided solely for the convenience of the bondholders. The Registrar does not certify as to their correctness or completeness.*

Berkeley County Public Service District

Water Revenue Bonds, Series 2003 B

RECEIPT AND RELEASE OF SERIES 2003 B BONDS

The undersigned authorized representative of the West Virginia Municipal Bond Commission (the "Paying Agent") hereby certifies this 26th day of February, 2015, as follows:

On February 26, 2015, the Paying Agent received the sum of $513,189.99 from the proceeds of the Water Refunding Revenue Bonds, Series 2015 B Bonds (Bank Qualified) issued by the Berkeley County Public Service District (the "District") and such amount, together with funds then on deposit with the Paying Agent in the Series 2003 B Bonds Sinking Fund in the amount of $78,313.56, and the Series 2003 B Bonds Reserve Account in the amount of $175,936.59 (total of $254,250.15) will be sufficient to: (i) pay the interest payment on the Series 2003 B Bonds (as hereinafter defined) due on March 1, 2015 in the amount of $15,775.00; (ii) pay the entire outstanding principal of, premium on, and all accrued interest on the Berkeley County Public Service District's Water Refunding Revenue Bonds, Series 2003 B (Non-Bank Qualified), dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"), on March 20, 2015, the Redemption Date for the Series 2003 B Bonds, and (iii) discharge the liens, pledges and encumbrances securing such Series 2003 B Bonds.

[Remainder of Page Intentionally Blank]

WITNESS my signature the day and year first written above.

WEST VIRGINIA MUNICIPAL
BOND COMMISSION

By: _____
Its Authorized Representative

Berkeley County Public Service District

Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

PREPAYMENT AGREEMENT FOR SERIES 2003 B BONDS

This PREPAYMENT AGREEMENT (the "Agreement"), made and entered into as of February 26, 2015, by and between BERKELEY COUNTY PUBLIC SERVICE DISTRICT (the "Issuer"), and the WEST VIRGINIA MUNICIPAL BOND COMMISSION (the "Paying Agent", the "Prepayment Agent" or "Prepayment Trustee").

WITNESETH THAT:

WHEREAS, the Issuer presently owns and operates a public waterworks system (the "System") and has heretofore financed and refinanced the acquisition and construction of the System and certain additions, extensions and improvements thereto by the issuance of several series of bonds;

WHEREAS, the Issuer has determined to issue its Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), dated February 26, 2015, in the aggregate principal amount of $525,000 (the "Series 2015 B Bonds") and contemporaneously therewith defease its Water Refunding Revenue Bonds, Series 2003 B, (Non-Bank Qualified) dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 (the "Series 2003 B Bonds"), of which $750,000 is currently outstanding;

WHEREAS, the Issuer intends to defease all of the Series 2003 B Bonds currently outstanding by depositing with the Prepayment Agent on February 26, 2015 (the "Closing Date") a portion of the proceeds of the Series 2015 B Bonds in the amount of $513,189.99, and moneys on deposit in the Series 2003 B Bonds Sinking Fund in the amount of $78,313.56; and the Series 2003 B Bonds Reserve Account in the amount of $175,936.59 held by the Prepayment Agent, which amounts will be deposited by the Prepayment Agent in an account to be created and known as the "Series 2003 B Bonds Prepayment Fund";

WHEREAS, the cumulative amount ($767,440.14) deposited in the Series 2003 B Bonds Prepayment Fund from the Series 2015 B Bonds, the Series 2003 B Bonds Sinking Fund and the Series 2003 B Bonds Reserve Account shall collectively be known as the "Redemption Deposit Amount";

WHEREAS, the Redemption Deposit Amount is in such amount as to insure (i) on March 1, 2015 the payment of the regularly scheduled interest payment on the Series 2003 B Bonds in the amount of $15,775.00 (the "March 1, 2015 Interest Payment"), and (ii) on March 20, 2015 (the "Redemption Date"), the payment of the entire outstanding principal amount of the Series 2003 B, and all interest accrued thereon, in the amount of $751,665.14 (the "Redemption Price"), all pursuant to the Bond Resolution adopted by the Issuer on January 12, 2015, as supplemented by a Supplemental Parameters Resolution adopted by the Issuer on January 12, 2015 and a Certificate of Determinations dated February 17, 2015 and executed by the Chairman of the Issuer (collectively, the "Bond Legislation");

WHEREAS, the payment of the fees of the Prepayment Agent in the amount of $1,616.40 shall be made by the Issuer to the Prepayment Agent; and

WHEREAS, on or before one business day prior to the Redemption Date, the Paying Agent shall transfer the Redemption Price in order that the payment can be effected to the registered owner(s) of the Series 2003 B Bonds upon presentation of such Series 2003 B Bonds for payment in accordance with the Bond Resolution;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 2003 B Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. The Prepayment Agent shall create the Series 2003 B Bonds Prepayment Fund separate and apart from all other funds or accounts of the Prepayment Agent.

2. The Issuer shall deposit an amount of $513,189.99 from proceeds of the Series 2015 B Bonds with the Prepayment Agent on the Closing Date and such amount shall constitute an irrevocable deposit of such moneys in trust for, and such moneys shall be deposited by the Prepayment Agent in the Series 2003 B Bonds Prepayment Fund.

3. The Prepayment Agent shall transfer an amount of $78,313.56 from the Series 2003 B Bonds Sinking Fund to the Series 2003 B Bonds Prepayment Fund.

4. The Prepayment Agent shall transfer an amount of $175,936.59 from the Series 2003 B Bonds Reserve Account to the Series 2003 B Bonds Prepayment Fund.

5. The cumulative amounts deposited from the proceeds of the Series 2015 B Bonds, the Series 2003 B Bonds Sinking Fund, and the Series 2003 B Bonds Reserve Account into the Series 2003 B Bonds Prepayment Fund (cumulative total of $767,440.14) shall collectively be known as the "Redemption Deposit Amount".

6. The Redemption Deposit Amount shall be sufficient to pay (i) the March 1, 2015 Interest Payment of $15,775.00 on March 1, 2015, and (ii) the Redemption Price of $751,665.14 in full on the Redemption Date.

7. An amount of $1,616.40 shall be paid by the Issuer separate from the Redemption Deposit Amount.

8. Surplus amounts remaining in the Series 2003 B Bonds Sinking Fund, if any, shall be returned to the Issuer.

9. Surplus amounts remaining in the Series 2003 B Bonds Reserve Account, if any, shall be returned to the Issuer.

10. The West Virginia Municipal Bond Commission, Charleston, West Virginia has provided a notice of redemption by registered or certified mail to The Depository Trust Company as the registered owner of the Series 2003 B Bonds, not more than 60 days nor less than 30 days prior to the Redemption Date, in accordance with the requirements of the Series 2003 B Bonds.

11. The holders of the Series 2003 B Bonds shall have an express lien on all moneys and assets in the Series 2003 B Bonds Sinking Fund and the Series 2003 B Bonds Reserve Account, until paid out, used and applied in accordance with this Agreement.

12. At least one business day prior to the Redemption Date, the Prepayment Agent shall transfer the Redemption Price to the Paying Agent in order that the payment of the Redemption Price can be made to the registered owners of the Series 2003 B Bonds upon presentation of such Series 2003 B Bonds for payment in accordance with the Bond Resolution.

13. This Agreement shall terminate on the date on which all the Outstanding Series 2003 B Bonds have been redeemed, paid in full and discharged. Upon termination of this Agreement, any moneys remaining after payment of fees of the Prepayment Agent shall be transferred by the Paying Agent for deposit into the Series 2015 B Bonds Sinking Fund of the Series 2015 B Bonds.

14. 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.

15. This Agreement is made in the State of West Virginia under the Constitution and laws of such State and is to be so construed.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Representative

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Authorized Representative

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.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 10, 2015

NEW ISSUE **RATING: (SEE "RATINGS" HEREIN)**

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest (including any original issue discount properly allocable to owners of the Series 2015 B Bonds) on the Series 2015 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, (ii) is not a specific item of tax preference, under Section 57(a)5 of the Code, in computing the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account as an adjustment to current earnings for purposes of alternative minimum tax on certain corporations, and (iii) under the laws of the State of West Virginia, the Series 2015 B Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State. See the Section entitled "TAX MATTERS" herein for additional information.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

$505,000*
Water Refunding Revenue Bonds
Series 2015 B (Bank Qualified)

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

The above captioned Series 2015 B Bonds (the "Series 2015 B Bonds" or, the "Bonds") are issuable only as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. All of the Bonds initially will be maintained under a book-entry system under which The Depository Trust Company, New York, New York ("DTC"), will act as securities depository. Purchases of the Bonds will be in book-entry form only. Semiannual interest on the Bonds is payable beginning June 1, 2015, and each December 1 and June 1 thereafter. So long as the Bonds are maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Bonds will be made when due by the Municipal Bond Commission of West Virginia, Charleston, West Virginia, as Paying Agent (the "Paying Agent"), to DTC in accordance with the Resolution (hereinafter defined), and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Bonds. See "THE BONDS" and "BOOK-ENTRY ONLY SYSTEM."

The Series 2015 B Bonds are being issued by Berkeley County Public Service District (the "District"), together with other funds available therefor, to: (i) pay the costs necessary to refund the District's outstanding 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" or the "Bonds to be Refunded"); (ii) purchase a municipal bond debt service reserve insurance policy from Assured Guaranty Municipal Corp. (the "Surety Bond") in an amount equal to the Debt Service Reserve Requirement; (iii) to purchase a municipal bond insurance policy to secure the payment of the Series 2015 B Bonds; and (iv) pay certain costs of issuance of the Series 2015 B Bonds and related costs.

The Bonds are payable from and secured by the Net Revenues derived from the existing waterworks system of the District and any extensions, improvements and betterments thereto, and from funds on deposit in the Series 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account therein, (or surety bond purchased therefor), on parity with the First Lien Bonds with respect to liens, pledge and source of, and security for, payment and in all other respects, as more fully described herein. The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the principal of, premium, if any, and interest on the Bonds, except from the Net Revenues and such funds on deposit. Neither the full faith and credit nor the taxing power, if any, of the District shall be deemed to be pledged to, nor shall any tax be levied for, the payment of the principal of, premium, if any, or interest on the Bonds. The District has no taxing authority.

The Series 2015 B Bonds are not subject to redemption prior to maturity.

The District has designated the Series 2015 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "Tax Matters" for additional information.

ASSURED GUARANTY® MUNICIPAL

The scheduled payment of principal of and interest on the Series 2015 B Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2015 B Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. The Bonds are offered when, as and if subject 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. Hoy Shingleton, Jr., Esquire, Martinsburg, West Virginia, as counsel to the District, will pass on certain legal matters for the District, including proceedings regarding the Public Service Commission of West Virginia. Steptoe & Johnson PLLC, Charleston, West Virginia, as Disclosure Counsel, will pass on certain legal matters for the District. The municipal advisor for the District is Compass Municipal Advisors, LLC, Lexington, Kentucky. It is expected that the Bonds will be available for delivery in New York, New York, on or about February 26, 2015.

Dated: _____, 2015

*Preliminary, subject to change

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

$505,000*
Water Refunding Revenue Bonds
Series 2015 B (Bank Qualified)

Maturities, Amounts, Interest Rates, Prices & CUSIPS**

Maturity Date	Amount	Interest Rate	Price	Yield	CUSIP No.**
12/1/2015	$125,000				
12/1/2016	125,000				
12/1/2017	125,000				
12/1/2018	130,000				
Total:	$505,000				

* Preliminary, subject to change.

** CUSIP data 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 the District does not 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.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

PUBLIC SERVICE BOARD

Gregory Rhoe, Chairman
Lynn Leatherman, Vice Chairman
D. Wayne Dunham, Secretary
Ruby Kern, Treasurer
Brett Hersh, Parliamentarian

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

COUNSEL TO THE DISTRICT

Hoy Shingleton, Jr., Esquire
Martinsburg, West Virginia

MUNICIPAL ADVISOR

Compass Municipal Advisors, LLC
Lexington, Kentucky

INDEPENDENT CERTIFIED ACCOUNTANT

Decker & Company PLLC
Martinsburg, West Virginia

DISCLOSURE COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

THE 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 AN EXEMPTION CONTAINED IN THE SECURITIES ACT. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH TRUST INDENTURE ACT. THE BONDS HAVE NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAWS OR LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

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 2015 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 Issuer to give any information or to make any representations other than as contained in this Official Statement and the Appendices hereto in connection with the offering described herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2015 B Bonds by any person in any jurisdiction in which it is unlawful to make such offers solicitation or sale. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor the sale of any of the Series 2015 B Bonds hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District or the other matters described herein since the date hereof.

Forward-Looking Statements:

This Official Statement, and particularly the information contained in the section entitled "The District and the System" herein, 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," "assumed" and similar expressions identify forward-looking statements. Such statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performances and achievements to differ materially from the future results, performances or achievements expressed or implied by 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. For a discussion of certain of such risks and possible variations in results, see the information under "BONDHOLDER'S RISKS."

INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD–LOOKING STATEMENTS. ALL STATEMENTS REGARDING THE DISTRICT'S EXPECTED FINANCIAL POSITION, BUSINESS AND FINANCING PLANS ARE FORWARD-LOOKING STATEMENTS. THE DISTRICT BELIEVES THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS, AND THE ESTIMATES AND ASSUMPTIONS ON WHICH THEY ARE BASED, ARE REASONABLE. HOWEVER, ESTIMATES AND ASSUMPTIONS ARE INHERENTLY UNCERTAIN, AND NO ASSURANCE CAN BE GIVEN THAT THEY WILL PROVE TO BE CORRECT OR THAT EXPECTATIONS BASED UPON THEM WILL BE REALIZED. THE DISTRICT CANNOT AND DOES NOT WARRANT THAT THE RESULTS CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS WILL BE ACHIEVED, AND IT IS LIKELY THAT ACTUAL RESULTS WILL DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS. ACCORDINGLY, UNDUE RELIANCE SHOULD NOT BE PLACED UPON SUCH FORWARD-LOOKING STATEMENTS.

You should make your own decision whether this offering meets your investment objectives and risk tolerance level. No federal or state securities commission has approved, disapproved, endorsed or recommended this offering. No independent person has confirmed the accuracy or truthfulness of this disclosure, nor whether it is complete.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED BY THE SEC, ANY STATE SECURITIES COMMISSION OR ANY FEDERAL OR STATE REGULATORY AUTHORITY, NOR HAS THE SEC, ANY STATE SECURITIES COMMISSION, OR ANY FEDERAL OR STATE REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Series 2015 B Bonds or the advisability of investing in the Series 2015 B Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Exhibit F - Specimen Municipal Bond Insurance Policy".

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OFFICIAL STATEMENT
relating to

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

$505,000*
Water Refunding Revenue Bonds
Series 2015 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, located in Berkeley County, West Virginia (the "District"), the District's waterworks system hereinafter described and the District's $505,000* in aggregate principal amount of Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds"). 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 of 1931, as amended (the "Act"), and a bond authorizing resolution adopted by the Public Service Board of the District on January 12, 2015 and a supplemental parameters resolution adopted by the Public Service Board of the District on January 12, 2015 (collectively, the "Resolution").

The proceeds of the Series 2015 B Bonds, together with other funds available therefor, will be used as follows (i) to pay the costs necessary to refund the District's outstanding Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 and currently outstanding in the principal amount of $750,000 (the "Series 2003 B Bonds" or the "Bonds to be Refunded"); (ii) to fund a debt service reserve account for the Series 2015 B Bonds or to purchase a Surety Bond in an amount necessary to meet the Reserve Requirement for the Series 2015 B Bonds; (iii) to purchase a municipal bond insurance policy from Assured Guaranty Municipal Corp. to ensure the payment of the interest on, and principal of, the Series 2015 B Bonds; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs.

The District will, upon issuance of the Series 2015 B Bonds, have the following outstanding debt obligations which are secured by a pledge of the Net Revenues of the System: (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 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iii) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (iv) 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"); (v) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (vi) Water Revenue Bonds, Series 2007 A (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds");

(vii) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000 (the "Series 2008 Bonds"); (viii) Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (the "Series 2009 Bonds"); (ix) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012 and issued in the original aggregate principal amount of $7,425,000 (the "Series 2012 A Bonds"); (x) Water Revenue Bonds, Series 2012 B (Bank Qualified), dated December 20, 2012 and issued in the original aggregate principal amount of $7,800,000 (the "Series 2012 B Bonds"); (xi) Water Refunding Revenue Bonds, Series 2013 A (Bank Qualified), dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000 (the "Series 2013 A Bonds"); (xii) Water Refunding Revenue Bonds, Series 2013 B (Taxable), dated December 30, 2013 and issued in the original aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds"); and (xiii) Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified), to be dated February 26, 2015, and to be closed concurrently with the Series 2015 B Bonds in the original aggregate principal amount of $9,450,000 (the "Series 2015 A Bonds" and collectively, hereinafter called the "First Lien Bonds").

The Series 2015 A Bonds were sold on January 29, 2015, and are scheduled to close simultaneously with the Series 2015 B Bonds. The proceeds of the Series 2015 A Bonds are being used to defease the Issuer's Water Revenue Bonds, Series 2006 (Bank Qualified), dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"), which Series 2006 Bonds have a parity first lien on the net revenues of the System so long as they are outstanding. Upon the closing of the Series 2015 A Bonds, the Series 2006 Bonds shall be defeased and no longer have a parity first lien on the net revenues of the System. In the event the Series 2015 A Bonds do not close for any reason the Series 2006 Bonds shall remain outstanding, retain a shared parity first lien on the net revenues of the System and be considered one of the First Lien Bonds.

There are outstanding obligations of the District which are secured by the Net Revenues of the System but subordinate to the First Lien Bonds and the Series 2015 B Bonds as to liens, pledge and source of, and security for, payment. These are the District's Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority (the "Series 1993 C Bonds" or "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 and the Series 2015 B Bonds, 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 hereinafter called the "Prior Bonds". The resolutions pursuant to which the Prior Bonds were issued are hereinafter collectively called the "Prior Resolutions."

The Series 2015 B Bonds shall be issued on a parity with the First Lien Bonds, and will be senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects pursuant to the Resolution. See "SECURITY FOR THE BONDS."

The Series 2015 B Bonds are payable from and secured by the Net Revenues, as defined in the Resolution and hereinafter, derived from the existing waterworks system of the District and

any extensions, improvements or betterments thereto (the "System") on parity with the First Lien Bonds, and, respectively, from funds on deposit in the Series 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account therein. The Series 2015 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 2015 B Bonds or premium, if any, or the interest thereon except from such Net Revenues and such funds on deposit.

Pursuant to the Resolution, the District has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby so as to produce for each fiscal year Net Revenues, as defined in the Resolution and hereinafter, equal to at least 120% of the maximum amount required in any year to pay the principal of and interest on the Series 2015 B Bonds and all other obligations secured by a lien on or payable from Net Revenues on a parity with, or subordinate to, the Series 2015 B Bonds, specifically including, but not limited to, the Prior Bonds. See "SECURITY FOR THE SERIES 2015 B BONDS - Rate Covenant."

The Series 2015 B Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described on the cover page and under the heading "THE SERIES 2015 B BONDS" herein. The Series 2015 B Bonds initially will be maintained under a book-entry system. So long as the Series 2015 B Bonds are maintained under a book-entry system, the manner of payment, the denominations, the transfer and exchange of ownership and the method of providing notice of redemption to the owners of the Series 2015 B Bonds shall be determined as described under "Appendix G - Book-Entry System" herein. If the book-entry system is discontinued, principal of, interest, and premium, if any, on the Series 2015 B Bonds will be payable by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Bond Commission" or the "Paying Agent"), to the owners thereof at the addresses appearing in the books kept by United Bank, Inc., as registrar (the "Registrar"). For further information describing the method of payment and other matters in the event the book-entry system is discontinued, see "THE SERIES 2015 B BONDS" herein.

For a description of the exclusion of interest on the Series 2015 B Bonds from gross income for federal income tax purposes and the exclusion of interest on the Series 2015 B Bonds from gross income for West Virginia state income tax purposes, see "TAX MATTERS" herein.

The District may issue additional bonds, on parity with First Lien Bonds and the Series 2015 B Bonds for the purpose of financing the cost of the construction or acquisition of additions, improvements and betterments to the System and/or refunding one or more of the Prior Bonds, the Series 2015 B Bonds, and any Additional Parity Bonds (as hereinafter defined) subject, in each case, to certain tests and conditions provided for by the Resolution. See "SECURITY FOR THE BONDS - Additional Parity Bonds."

The Series 2015 B Bonds are offered when, as and if issued and subject to withdrawal or modification of the offering without notice and to the unqualified approval of the legality thereof by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Hoy Shingleton, Jr., Esquire, Martinsburg, West Virginia, will pass upon certain legal matters for the District, including proceedings regarding the Public Service Commission of West Virginia. Steptoe & Johnson PLLC, Charleston, West Virginia, as Disclosure Counsel, will pass on certain legal matters for the District.

Brief descriptions of the Series 2015 B Bonds, the Resolution, the District and certain provisions of the Resolution and the Act, as defined in the Resolution and hereinafter, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Resolution, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2015 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 shall have the respective meanings given them in the Resolution. Copies of the Resolution and other applicable documents may be obtained from the District or, during the period of offering the Series 2015 B Bonds, from the Issuer.

FINANCING PLAN

The proceeds of the Series 2015 B Bonds will be used, together with other available funds, as follows: (i) to pay the costs necessary to refund the District's outstanding Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 and currently outstanding in the principal amount of $750,000 (the "Series 2003 B Bonds" or the "Bonds to be Refunded"); (ii) purchase a municipal bond debt service reserve insurance policy from Assured Guaranty Municipal Corp. in an amount equal to the Debt Service Reserve Requirement; (iii) to purchase a municipal bond insurance policy from Assured Guaranty Municipal Corp. to ensure the payment of the interest on, and principal of, the Series 2015 B Bonds; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs.

SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount of Series 2015 B Bonds:	
Reoffering Premium or Discount:	
Funds Available in Series 2003 B Debt Service Fund	
Funds Available in Series 2003 B Bonds Sinking Fund	
Total:	$0
Uses of Funds	
Deposit to Series 2003 B Bonds Debt Service Fund	
Purchase Surety Bond Policy for Series 2015 B Bonds Reserve Account	
Cost of Issuance [1]	
Total:	$0

(1) Includes legal and financing fees, bond counsel fees, disclosure counsel fees, rounding, registrar's fee, bond insurance fees, surety bond fees, rating agency fees and other miscellaneous expenses relating to the issuance of the Series 2015 B Bonds.

THE SERIES 2015 B BONDS

General

The Series 2015 B Bonds are dated February 26, 2015, upon original issuance. All Series 2015 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 2015 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 2015 B Bonds shall be in default, Series 2015 B Bonds issued in exchange for Series 2015 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 2015 B Bonds surrendered. The Series 2015 B Bonds will bear interest from their date, payable semiannually on each June 1 and December 1, commencing June 1, 2015, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the cover page of this Official Statement.

The Series 2015 B Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. The Series 2015 B Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Series 2015 B Bonds and payments of principal of, redemption price, if any, and interest on the Series 2015 B Bonds will be made as described herein under "Appendix G- Book Entry System." If the book-entry system is discontinued, interest on the Series 2015 B Bonds will be payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by the Registrar as of the 15th day of the month preceding such interest payment date or, in the event of a default in the payment of the Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date (the "Record Date"). If the book-entry system is discontinued, principal of and premium, if any, on the Series 2015 B Bonds will be payable to the owner thereof upon surrender thereof at the principal corporate trust department office of the Paying Agent. In the event that the Bond Entry System shall be discontinued, interest on the Series 2015 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 $500,000 or more of the Series 2015 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.

So long as the Series 2015 B Bonds are maintained under a book-entry system, transfers of ownership interests in the Series 2015 B Bonds will be made as described herein under "Exhibit G-Book Entry System." If the book-entry system is discontinued, ownership of any Series 2015 B Bond may be transferred upon surrender thereof to the Registrar, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his duly authorized attorney or legal representative. Upon any such transfer of a Series 2015 B Bond, there will be issued another Series 2015 B Bond or Series 2015 B Bonds, at the option of the transferee, of the same aggregate principal amount, series, maturity and interest rate as said Series 2015 B Bond. For every exchange or transfer of Series 2015 B Bonds, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The District shall pay any service charge of the Registrar and any applicable tax or other governmental charge.

Optional Redemption

The Series 2015 B Bonds are not subject to redemption prior to maturity.

Notice of Redemption

So long as the Series 2015 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2015 B Bonds shall be given as described below under "Appendix G- Book Entry System." At any other time, 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 registered owner of the Series 2015 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. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2015 B Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. After notice of redemption has been given in the manner herein above and in the Resolution described and moneys necessary therefor have been deposited, the Series 2015 B Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue. Upon surrender for any partial redemption of any Series 2015 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 2015 B Bond. All Series 2015 B Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2015 B Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Series 2015 B Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2015 B Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated

independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On November 13, 2014, KBRA assigned an insurance financial strength rating of "AA+" (stable outlook) to AGM. AGM can give no assurance as to any further ratings action that KBRA may take.

On July 2, 2014, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On July 2, 2014, Moody's issued a rating action report stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Capitalization of AGM

At September 30, 2014, AGM's policyholders' surplus and contingency reserve were approximately $3,683 million and its net unearned premium reserve was approximately $1,810 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (filed by AGL with the SEC on February 28, 2014);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 (filed by AGL with the SEC on May 9, 2014);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 (filed by AGL with the SEC on August 8, 2014); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 (filed by AGL with the SEC on November 7, 2014).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2015 B Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Series 2015 B Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Series 2015 B Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Series 2015 B Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Series 2015 B Bonds or the advisability of investing in the Series 2015 B Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

SECURITY FOR THE SERIES 2015 B BONDS

The Series 2015 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 2015 B Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2015 B Bonds shall be secured forthwith equally and ratably by a lien on and pledge of the Net Revenues derived from the System on parity with the First Lien Bonds and senior and prior to the Second Lien Bonds, and the funds on deposit in the Series 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account, as more fully described below under "ANNUAL DEBT SERVICE REQUIREMENTS." Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2015 B Bonds and to make the payments into the Series 2015 B Bonds Sinking Fund and all other payments provided for in the Resolution, and the funds in the Series 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Series 2015 B Bonds as the same become due and for the other purposes provided in the Resolution.

Rate Covenant

The District has covenanted and agreed in the Resolution to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will produce for each fiscal year Net Revenues, as defined in the Resolution and hereinafter, equal to at least 120% of the maximum amount required in any year to pay the principal of and interest on the Series 2015 B Bonds and all other obligations secured by a lien on or payable from Net Revenues on parity with, or subordinate to the Series 2015 B Bonds, including the Prior Bonds.

For the fiscal year ended June 30, 2014, the District failed to meet the most strict Rate Covenant contained in the Prior Bonds. The covenant violation was primarily due to the delayed implementation of a rate increase to the middle of Fiscal Year 2014.

The District did meet all rate covenants for the Prior Bonds for the fiscal year ended June 30, 2013.

The District projects that Debt Service Coverage for the fiscal year ending June 30, 2015 will be at least 1.20.

Series 2015 B Bonds Reserve Account

The District has purchased a municipal bond debt service reserve insurance policy from Assured Guaranty Municipal Corp. In an amount equal to $ _____, which is equal to the least of (i) 10% of the original stated principal amount of the Series 2015 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2015 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2015 B Bonds. In the event funds in the Series 2015 B Bonds Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2015 B Bonds, the Bond Commission shall withdraw sufficient amounts from the Surety Bond to make payments of principal of and/or interest on the Series 2015 B Bonds as the same become due.

The reimbursement obligation of the District under the Surety Bond will be secured by the Net Revenues derived from the System and the funds on deposit in the Renewal and Replacement Fund, provided however, that such lien will be subordinate to the payment of debt service to holders of the First Lien Bonds and the Series 2015 B Bonds.

Application of Revenues

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

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

(2) The District shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) 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 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2015 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 2015 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 2015 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2015 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2015 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2015 B Bonds Sinking Fund.

(3) The District shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) 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 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, and in the Series 2015 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 2015 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 2015 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 2015 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The District shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts for the First Lien Bonds, the amounts required under the Prior Resolutions to be deposited therein in order to maintain the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2015 B Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2015 B Bonds Reserve Account below the Series 2015 B Bonds Reserve Requirement or any withdrawal from the Series 2015 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2015 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 2015 B Bonds Reserve Account is less than the Series 2015 B Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2015 B Bonds Reserve Account for deposit into the Series 2015 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 2015 B Bonds Reserve Account to an amount equal to the Series 2015 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 2015 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2015 B Bonds Reserve Requirement.

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

(6) The District shall next, on the first day of each month, transfer from the Revenue Fund and remit to the 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 District 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 the Second Lien Bonds the amount required under the Prior Resolutions.

Enforcement of Collections

The District covenants in the Resolution to diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, or otherwise by the laws of the State. The District further covenants and agrees in the Resolution that it will, subject to applicable State law and regulations, and under such reasonable rules and regulations as may be prescribed by the District, discontinue water services to all delinquent users, until such delinquent amounts, plus reasonable interest and penalty charges thereon, have been fully paid.

Additional Parity Bonds

No such Additional Parity Bonds (as hereinafter defined) shall be issued except for the purposes of financing the costs of the design, acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Prior Bonds or Additional Parity Bonds, or to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 2015 B Bonds are Outstanding, no such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion 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 such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 2 Fiscal Years immediately following the Fiscal Year in which such Additional Parity Bonds are issued, if any, shall not be less than 120% of the Maximum Annual Debt Service on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues" as that term is used in the computation provided in the above paragraph, shall include increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds, if any, and any change in rates enacted by the District, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West

Virginia (without successful appeal), prior to the date of delivery of such Additional Parity Bonds, whether or not such approved rates are being charged and collected by the District.

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

Additional Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the 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 the 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 the lien on and source of and security for payment from such revenues, with the Bonds.

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

Provided, however, that if the audit by an Independent Certified Public Accountant for the District for the Fiscal Year immediately preceeding the proposed issuance of Additional Parity Bonds states that the District was not in compliance with the rate covenant in Section 6.04 of the Resolution for the year being audited and the District has, as required by Section 6.04 of the Resolution, enacted a rate ordinance seeking a rate increase sufficient to comply with Section 6.04 of the Resolution, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of the Resolution, so as to prevent the District from issuing Additional Parity Bonds under the Resolution.

THE DISTRICT AND THE SYSTEM

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 and the City of Martinsburg. Such merger was approved by the Public Service Commission in 2001. The District conducts business under the name "Berkeley County Public Service Water District."

The District currently has a capacity to pump 9,014,000 gallons of water per day. The average daily usage from all sources as of June 30, 2014 is 4,870,000 gallons per day, leaving 4,144,000 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 and Potomac Station, Baker Lakes, Springdale, Morning Dove and Glenwood Forest Wells. The Potomac River, pursuant to a permit from the State of Maryland, yields on average 2,570,000 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 5,594,000 gallons, bringing the maximum gallons available daily to 9,594,000 as depicted below:

Water Source	Maximum Gallons Yielded Daily	Percentage
Potomac River	4,000,000	41.7%
LeFever Spring	1,783,000	18.6%
Morning Dove Wells (2)	336,000	3.5%
Glenwood Forest Wells (4)	86,000	0.9%
City of Martinsburg	1,000,000	10.4%
Potomac Station Wells	2,000,000	20.8%
Springdale Farm Well	146,000	1.5%
Ben Speck Spring	200,000	2.1%
Baker Lakes Well	43,000	0.5%
Total Gallons Available:	9,594,000	100.00%

As of June 30, 2014, the District had 21,071 customers, of which 20,042 are residential (95.1%), 959 are commercial (4.5%), 23 are industrial (0.1%), 47 are public authorities (0.2%) and 176 are fire protection customers (0.8%). A more detailed description of the District's customer base is set forth in "THE SYSTEM--Customer Statistics."

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	06/30/2019	Corporate Controller
Lynn Leatherman, Vice Chairman	06/02/2017	Businessman
D. Wayne Dunham, Secretary	07/02/2015	Retired
Ruby Kern, Treasurer	06/23/2017	Retired
Brett Hersh, Parliamentarian	07/02/2015	Businessman

The Board employs an Executive Director for the System and other personnel and consultants. Christine Thiel, P.E. has served as Executive Director since March 3, 2014. Ms. Thiel is responsible for the operation, maintenance and administration of the District, and holds a Bachelor of Science in Civil Engineering and a Master of Science in Civil Engineering from the University of Illinois and a Master of Business Administration from the University of California Los Angeles. Ms. Thiel has worked for the District in the position of District Engineer for a total of nine years prior to her appointment as Executive Director in 2014. In addition to the Executive Director, the Board has 46 full-time employees and 1 part-time employee.

Hoy Shingleton, Esquire, Martinsburg, West Virginia, provides legal services and Decker & Company PLLC, 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 recently completed construction of two projects in construction which were financed from the proceeds of the Series 2012 B Bonds: Potomac Station Raw Water Project (budget cost of $1,809,000) and Operations Center Project (budget cost of $4,134,000).

In addition to the projects discussed above, 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, as listed in the table below:

Project Description	Estimated Amount
Fiscal Year Ending June 30, 2015	
Various Upgrades	$800,000
Fiscal Year Ending June 30, 2016	
Various Upgrades	$800,000
Fiscal Year Ending June 30, 2017	
Various Upgrades	$1,000,000
Three Year Grand Total:	**$2,600,000**

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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, 2010 Customer Count	Change (%)	June 30, 2011 Customer Count	Change (%)	June 30, 2012 Customer Count	Change (%)	June 30, 2013 Customer Count	Change (%)	June 30, 2014 Customer Count	Change (%)
Residential	18,822	2.98%	18,822	0.00%	19,079	1.37%	19,400	1.68%	20,042	3.31%
Commercial	917	-0.11%	917	0.00%	920	0.33%	938	1.96%	959	2.24%
Industrial	23	-8.00%	23	0.00%	23	0.00%	23	0.00%	23	0.00%
Public Authorities	42	0.00%	43	2.38%	44	2.32%	43	-2.27%	47	9.30%
Fire Protection	142	1.43%	149	4.93%	159	6.71%	162	1.89%	176	8.64%
Totals:	19,946	2.80%	19,961	0.08%	20,225	1.32%	20,566	1.69%	21,071	2.46%

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

Source: Berkeley County Public Service District; PSC Reports

The following table sets forth the ten (10) largest customers of the District for the fiscal year ending June 30, 2014 and the percentage of total consumption for such periods.

Customer Name	Gallons	Percentage
Quad Graphics	69,059,800	5.12%
Ecolab	33,376,700	2.48%
IRS Facilities	26,897,400	1.99%
West Virginia Regional Jail	25,301,700	1.88%
WV Air National Guard	13,068,000	0.97%
Guardian Fiberglass	8,773,000	0.65%
World Color Martinsburg	5,710,000	0.42%
Whispering Woods LLC	5,405,300	0.40%
Cottages of Martinsburg	5,187,300	0.38%
Fasloc, Inc.	4,998,000	0.40%
Totals:	197,777,200	14.67%

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

Customer Description	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 (%)	June 30, 2013 Gallons* Sold	June 30, 2013 Change (%)	June 30, 2014 Gallons* Sold	June 30, 2014 Change (%)
Residential	876,444	-0.54%	906,580	3.44%	888,919	-1.95%	873,051	-1.79%	901,989	3.31%
Commercial	283,412	-4.92%	286,708	1.16%	291,817	1.78%	280,108	-4.01%	287,636	2.69%
Industrial	138,136	-17.55%	151,093	9.38%	145,703	-3.57%	140,560	-3.53%	130,143	-7.41%
Public Authorities	22,119	1.52%	25,651	15.97%	22,818	-11.04%	23,052	1.03%	24,216	5.05%
Totals:	1,320,111	-3.54%	1,370,032	3.78%	1,349,257	-1.12%	1,316,771	-2.41%	1,343,984	2.06%

* *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, which are in effect.

First	2,000 Gallons Used per Month	**$10.56 per 1,000 Gallon**
Next	88,000 Gallons Used per	**$6.85 per 1,000 Gallon**
Over	90,000 Gallons Used per	**$4.84 Per 1,000 Gallon**

Minimum Charge

5/8 Inch Meter	$21.12	Per Month
1 Inch Meter	$52.80	Per Month
1 ½ Inch Meter	$105.60	Per Month
2 Inch Meter	$168.96	Per Month
3 Inch Meter	$316.80	Per Month
4 Inch Meter	$528.00	Per Month
6 Inch Meter	$1,056.00	Per Month
8 Inch Meter	$1,689.60	Per Month

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 System 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: Ten percent (10%)

Reconnection Fee: Twenty dollars ($20.00)

Tap Fee: Four hundred fifty dollars ($450.00)

Leak Adjustment: $0.76 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.

	June 30, 2010		June 30, 2011		June 30, 2012		June 30, 2013		June 30, 2014	
Customer Description	Operating Revenues	Change (%)	Operating Revenues	Change (%)	Operating Revenues	Change (%)	Operating Revenues	Change (%)	Operating Revenues	Change (%)
Residential	6,721,688	3.98%	6,989,577	3.99%	6,753,061	-3.38%	6,835,390	1.22%	7,680,392	12.36%
Commercial	1,606,149	-2.73%	1,639,866	2.10%	1,632,728	-0.43%	1,625,262	-0.46%	1,802,091	10.88%
Industrial	601,365	-4.93%	659,048	9.59%	622,693	-5.59%	613,455	-1.48%	608,609	-0.79%
Public Authorities	134,159	5.21%	147,968	10.29%	131,278	-11.28%	141,395	7.71%	159,020	12.47%
Fire Protection	135,176	4.18%	137,387	1.64%	143,381	4.36%	155,150	8.21%	159,198	2.61%
Totals:	9,198,537	2.14%	9,573,846	4.08%	9,283,141	-3.07%	9,370,652	0.94%	10,409,310	11.08%

Source: Berkeley County Public Service District; PSC Reports

The District has covenanted to diligently enforce and collect all fees and charges as described in "SECURITY FOR THE SERIES 2015 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. Decker & Company PLLC, Certified Public Accounting, Martinsburg, West Virginia, audited the records of the District for the fiscal year ended June 30, 2014 (See "Appendix B - Audited Financial Statement for Fiscal Year Ended June 30, 2014.")

Retirement System

All full-time employees of the District are covered by the West Virginia Public Employees Retirement System, ("PERS").

All full-time employees are eligible and must participate in the State PERS. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire after reaching the age of 60 and accumulating 5 years of credited service in force. Benefits generally vest in varying degrees once a member attains 5 or more years of credited service in force. Employees who retire at age 60 with 5 or more years of credited service in force are entitled to pension payments for the rest of their lives equal to 2% of their highest three-year average salary in the past 10 years times the number of years for which they were employed as a participant in the State PERS.

Pension provisions include annuity options to provide benefits to a member's nominated beneficiary if so elected. In addition, disability retirement is provided for members who meet certain requirements as specified in the Act. The District's covered payroll amounted to $2,097,238, for the year ended June 30, 2014.

Employees of the District are required to pay 4.5% of their gross earnings to the pension plan. In year ended June 30, 2014, the District made an annual contribution to the plan equal to 13.8% of its covered payroll. Total contributions made during the fiscal year ended June 30, 2014 Amounted to $384,014, of which $90,762 was made by employees. Information regarding the plan is available from the State.

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." 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.

Please see the discussion of the District's obligations related to Other Post Employment Benefits contained in Appendix B – Audited Financial Statement for the Fiscal Year Ended June 30, 2014.

Summary of Historical Revenues and Expenses

The table below lists the net income of the District for the last 5 fiscal years as filed with the Public Service Commission.

Description	Audited Financials 6/30/2010	Audited Financials 6/30/2011	Audited Financials 6/30/2012	Audited Financials 6/30/2013	Audited Financials 6/30/2014
Operating Revenues	$9,723,924	$10,100,940	$9,790,750	$9,948,659	$11,016,247
Operating Expenses:	5,021,872	5,272,926	5,340,489	5,308,497	5,626,322
Operation and Maintenance Expenses					
Depreciation Expenses	3,060,269	3,608,074	3,663,101	3,696,664	3,828,214
Total Operating Expenses	8,082,141	8,881,000	9,003,590	9,005,161	9,454,536
Operating Income	1,641,783	1,219,940	787,160	943,498	1,561,711
Non-Operating Income:	84,638	75,695	39,369	35,207	24,819
Interest and Dividend Income					
Non-Operating Expenses:	2,319,191	2,954,156	2,874,989	2,848,586	2,758,465
Interest on Long Term Debt					
Amortization of Debt Discount and Expense	170,539	134,257	134,257	134,781	120,299
(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	2,983,367	2,878,764
Income (loss) before capital contributions	(753,242)	(1,779,018)	(2,176,840)	(2,004,662)	(1,343,310)
Capital Contributions	2,085,833	1,365,511	1,668,297	466,239	1,076,171
NET INCOME (LOSS)	$1,332,591	($413,507)	($508,543)	($1,538,423)	(267,139)
Debt Service Coverage	123%	127%	115%	122%	115%

Source: Berkeley County Public Service District Audited Financial Statements.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each fiscal year during which the Prior Bonds and the Series 2015 B Bonds will be outstanding the amounts payable from Net Revenues as principal of and interest on the Prior Bonds and the Series 2015 B Bonds.

FY Ending June 30	Existing Bonds Payments*	Series 2015 B Bonds** Principal	Series 2015 B Bonds** Interest	Less: Reserve Account	Total Payments
2015	$4,587,343		$2,665	$0	$4,590,008
2016	4,473,993	$125,000	8,850	0	4,607,843
2017	4,477,547	125,000	6,350	0	4,608,897
2018	4,479,455	125,000	3,850	0	4,608,305
2019	4,478,646	130,000	1,300	0	4,609,946
2020	4,643,923			0	4,643,923
2021	4,931,429			(287,500)	4,643,929
2022	4,642,088			0	4,642,088
2023	4,646,353			0	4,646,353
2024	4,832,861			(194,990)	4,637,871
2025	5,380,597			(742,500)	4,638,097
2026	4,643,201			0	4,643,201
2027	4,644,574			0	4,644,574
2028	4,644,503			0	4,644,503
2029	5,357,105			(712,081)	4,645,025
2030	4,645,070			0	4,645,070
2031	4,645,078			0	4,645,078
2032	4,688,563			(43,799)	4,644,764
2033	5,410,848			(1,490,215)	3,920,633
2034	3,331,711			(910,025)	2,421,686
2035	2,423,276			0	2,423,276
2036	2,465,442			(46,714)	2,418,728
2037	2,422,238			0	2,422,238
2038	1,589,235			0	1,589,235
2039	128,660			0	128,660
2040	128,461			(132,083)	(3,622)
Totals:	$102,742,200	$505,000	$23,015	($4,559,907)	$98,710,308

** Includes Second Lien Bonds comprised of total annual payments of $452.03 though FY Ending 2032; Excludes Series 2003B Bonds to be Refunded.*

***Estimated*

INVESTMENT CONSIDERATIONS

Net Revenue Pledge

The Series 2015 B Bonds are secured solely by the Net Revenues of the System on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds. There can be no guarantee that current rates of the System will always produce revenue sufficient to pay the debt service on the Series 2015 B Bonds. The District has covenanted in the Resolution to raise the rates of the System if the Net Revenues of the System are not sufficient to provide 120% coverage of the maximum annual debt service of the Series 2015 B Bonds and all bonds issued on a parity with, or subordinate to, the Series 2015 B Bonds, including the Prior Bonds. Any rate increase proposed by the District must first be approved by the Public Service Commission of West Virginia (the "Commission"). Further discussion of rate review by the Commission is set forth below.

Future Legislation

Current or future legislative proposals, if enacted into law, may cause interest on the Series 2015 B Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. For example, both the American Jobs Act of 2011, introduced by President Obama on September 12, 2011 (the "Jobs Act"), and the federal budget for fiscal year 2013, proposed by President Obama on February 13, 2012 (the "2013 Proposed Budget"), would have, for tax years beginning on or after January 1, 2013, limited the exclusion from gross income of interest on obligations like the Series 2015 B Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any similar legislative proposals may also affect the market price for, or marketability of, the Series 2015 B Bonds. Prospective purchasers of the Series 2015 B Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2015 B Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal income tax purposes.

The Public Service Commission of West Virginia

In West Virginia, public service districts are subject to regulatory oversight by 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 prior to any increased rates. Accordingly, public service districts in West Virginia do not have the ability to adjust rates without prior 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 and 24-2-4a the District must make a filing with the Commission to increase rates. This can be done one of two ways. One option is for the District to 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. The suspension period for the District is 270 days.

Pursuant to legislation enacted in 2014, another option is for the District to file a tariff with the Commission that places increased rates into effect on the date of filing if the rate increase results in an increase of less than 25% of the gross revenue of the District, provided, however, that revenues collected from rates put into effect upon filing may be subject to refund if the rates are subsequently disapproved or modified by the Commission or presiding ALJ. Before making such a filing, this option also requires the District to provide the Commission with 30 days notice of its intent to increase rates. If the rates approved by the Commission or the presiding ALJ are less than the rates the District placed into effect upon filing, the District can provide the refund to customers by billing credit for a period of six months. After six months, the District must refund the amount to customers by check. Since rates pursuant to this option are placed into effect upon filing, there is no suspension period. Despite the lack of a suspension period, the Commission usually imposes a case processing timeframe similar to the suspension period applicable to the utility under the first option discussed above. Thus, if the District makes a tariff filing that places rates into effect upon filing, the Commission is likely to apply a 270 day case processing timeframe.

Once a tariff filing is made under either option discussed above, 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

Under the first option discussed above, at a minimum, the amount of time required to obtain Commission approval of increased rates is 30 days. In reality, however, the District is not likely to realize increased revenues for at least 8 months after determining a rate increase is necessary. At the end of each fiscal year, the District must close its books, determine if a rate increase is required and, if so, prepare a financial exhibit to support the proposed increased rates. The District is required to file a notice of intent to raise rates, which tariff the Commission generally suspends and then has up to 270 days to render a decision. Finally, 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 may not be timely and may be inadequate on the date they go into effect.

While the second option discussed above does allow the District to place rates into effect immediately upon filing for rate increases that result in less than a 25% increase in the utility's gross revenue, the Commission is likely to apply a 270-day case processing timeframe. Given this long timeframe along with the fact that the rates are subject to refund, the District may encounter a significant refund obligation at the end of the case.

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.'" *Berkeley 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 significant 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 ending on a calendar quarter, 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, as well as most public market bond issues for public water and sewer utilities, 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 deficiencies in 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 fiscal 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.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. The summary does not purport to be a comprehensive statement of the terms and provisions thereof, for which reference is made to the complete text of the Resolution, copies of which may be obtained from the Issuer. See Appendix E "FORM OF THE BOND AUTHORIZING RESOLUTION" herein.

Application of System Revenues

The Gross Revenues derived from the operation of the System and all parts thereof are to be deposited in the Revenue Fund established with the Depository Bank and used only for the System.

Investments

The District 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 the Resolution in Qualified Investments to the fullest extent possible under applicable laws, the 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 District shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The District may make any and all investments permitted by 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 2015 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 District shall, or shall cause the Bond Commission to annually transfer from the Series 2015 B Bonds Reserve Account to the Series 2015 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 2015 B Bonds Reserve Account an amount at least equal to the Series 2015 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 2015 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 2015 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 2015 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 6C of the West Virginia Code of 1931, as amended.

General Covenants

Enforcement of Collections. The District has covenanted to diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and to take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that become delinquent to the full extent permitted or authorized by State law. The District will shut off and discontinue the supplying of water service for the nonpayment of the rates or charges for said water service to the full extent permitted or authorized by State law.

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

Sale of the System. So long as the Prior Bonds are outstanding, the District shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Resolutions. Additionally, so long as the Series 2015 B Bonds are Outstanding, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, or to defease the pledge created by the Resolution and the Prior Resolutions. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the respective Sinking Funds, and otherwise as prescribed by Section 9.01 of the Resolution. Any balance remaining after such defeasance shall be remitted to the District by the Commission unless necessary for the payment of other obligations of the District payable out of the revenues of the System.

The foregoing provision notwithstanding, the District shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such

property, if the amount to be received therefor is not in excess of $500,000, the District may provide for the sale of such property. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $500,000 but not in excess of $5,000,000 the District, by resolution duly adopted, shall determine that the property is no longer necessary, useful or profitable in the operation of the System and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition off such property which are less than $500,000 may be deposited in the Revenue Fund or the Renewal and Replacement Fund, at the sole discretion of the District. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $500,000 and not in excess of $5,000,000, shall be deposited by the District into Sinking Funds for the First Lien Bonds, pro rata, or the Renewal and Replacement Fund, at the sole discretion of the District. Such payment of such proceeds into the Sinking Funds for the First Lien Bonds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of the Resolution.

No sale, lease or other disposition of the properties of the System shall be made by the District if the proceeds to be derived therefrom, shall be in excess of $5,000,000 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% of the par amount of the Bonds then Outstanding. The District shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The District shall not issue any other obligations whatsoever payable from the revenues of the System, which rank prior to, or equally, as to lien on and source of and security for payment from the revenues with the Series 2015 B Bonds, provided that additional bonds on parity with the Series 2015 B Bonds and the First Lien Bonds may be issued as provided in the Resolution. See "SECURITY FOR THE SERIES 2015 B BONDS--Additional Parity Bonds." All obligations issued by the District payable from the revenues of the System, except such Additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from Revenues and in all other respects, to the Series 2015 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 District shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to Additional Parity Bonds, being on parity with the lien of the Series 2015 B Bonds, and the interest thereon, if any, upon any of the income and revenues of the System pledged for payment of the Series 2015 B Bonds and the interest thereon in the Resolution, or upon the System or any part thereof.

Insurance. The District has covenanted and agreed, that so long as the Series 2015 B Bonds remain Outstanding, the District will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the District 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 in the Resolution for the Renewal and Replacement Fund.

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

C. WORKERS' COMPENSATION COVERAGE for all employees of or for the System eligible therefor.

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

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

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

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

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

Restrictions as to Arbitrage Bonds. The District covenants that (i) it will restrict the use of the proceeds of the Series 2015 B Bonds in such manner and to such extent as may be necessary, so that the Series 2015 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 2015 B Bonds) so that the interest on the Series 2015 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.

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.

Amendment. The Resolution and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2015 B Bonds. Otherwise, no materially adverse amendment or modification to the Resolution, or any Supplemental Resolution, may be made without the written consent of the Registered Owners of at least 51% in aggregate principal amount of the Series 2015 B Bonds then Outstanding and affected thereby, which must be filed with the Secretary of the Issuer before any such modification or amendment may be made. Not withstanding the foregoing provision, 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 2015 B Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2015 B Bonds required for consent to any such modification or amendment.

Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the Resolution and the pledges of the Net Revenues and other monies and securities pledged thereunder, and all covenants, agreements and other obligations of the District on behalf of the Holders of the Bonds made thereunder, 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 2015 B Bonds from gross income for federal income tax purposes.

The Series 2015 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 2015 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 2015 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2015 B Bonds on and prior to the maturity date thereof, or if the District irrevocably determines to redeem any of the Series 2015 B Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2015 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 2015 B Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the District as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Default and Remedies

Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2015 B Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2015 B Bonds;

(B) If default occurs in the District's observance of any of the covenants, agreements or conditions on its part in the Resolution or any Supplemental Resolution or in the Series 2015 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 District by any Bondholder;

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

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

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 District to perform its duties under the Act and the Resolution;

(C) Bring suit upon the Series 2015 B Bonds;

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

(E) By action or bill in equity enjoin any acts in violation of the 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 2015 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.

Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the District, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2015 B Bonds and the Prior Bonds, the deposits into the funds and accounts established by the Resolution as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of the Resolution and the Act.

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

Whenever all that is due upon the Series 2015 B Bonds and the Prior Bonds issued pursuant to the Resolution and interest thereon and under any covenants of the 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 the Resolution shall have been cured and made good, possession of the System shall be surrendered to the District upon the entry of an order of the court to that effect. Upon any subsequent default, any 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 herein above 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 District and for the joint protection and benefit of the District and the Holders of the Bonds issued pursuant to the 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 District and the Bondholders, and the curing and making good of any default under the provisions of the Resolution, and the title to and ownership of said System shall remain in the District, and no court shall have any jurisdiction to

enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

TAX MATTERS

General

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2015 B Bonds [(including original issue discount properly allocable to holders of the Series 2015 B Bonds)] (i) is excludable from gross income of the holders thereof for Federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that interest on the Series 2015 B Bonds is included as an adjustment to current earnings for purposes of computing the alternative minimum tax that may be imposed with respect to certain corporations for federal income tax purposes. In addition, under the laws of the State of West Virginia, the Series 2015 B Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

The opinions described in this section are subject to the condition that the District comply on a continuing basis with all requirements of the Code, and regulations thereunder that must be satisfied in order for interest thereon to be or continue to be excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2015 B Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation retroactively to the date of issuance of the Series 2015 B Bonds.

The accrual or receipt of the interest on the Series 2015 B Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these and other consequences will depend upon the recipient's particular tax status or other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences, and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

Series 2015 B Bonds Qualified Tax-Exempt Obligations

The District has designated the Series 2015 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code. The Series 2015 B Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and 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 described in Section 265(b)(3)(C)(ii) of the Code), including the Series 2015 B Bonds, have been or shall be issued by the District, including all subordinate entities of the District, during the calendar year 2015.

Original Issue Discount/Original Issue Premium

The original issue discount in the selling price of the Series 2015 B Bonds maturing on _____ 1, _____through _____1, _____(the "Discount Bonds"), to the extent properly allocable to each owner of such Discount Bonds, is excluded from gross income for

federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bond over its initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Bonds of such maturity were sold.

Under Sections 1288 and 1272 of the Code, original issue discount on tax-exempt bonds is the sum of the daily portions of the original issue discount for each day during the taxable year of the holder of a Discount Bond. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Bond.

Purchasers of any Discount Bond at any original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Discount Bonds.

Amortizable Bond Premium

The Series 2015 B Bonds maturing on _____ 1, 20__ through _____ 1, 20__, ("Premium Bonds"), will be sold with an amortizable bond premium ("Premium"). The original issue premium will be equal to the excess of a holder's tax basis in the Premium Bonds over the amount payable at maturity, or in the case of Premium Bonds subject to redemption, the amount payable on the redemption date. Under current law, the amortizable premium for Premium Bonds must be amortized on an annual basis by the holder thereof. The amount of amortizable premium amortized each year will not be deductible for federal income tax purposes. Further, Section 1016 of the Code requires that the amount of annual amortization for the Premium Bonds be deducted from the holder's tax basis in such Premium Bonds. This reduction in a holder's tax basis will affect the amount of capital gain or loss to be recognized by the holder if the Premium Bonds are sold or redeemed prior to their maturity or scheduled redemption date. Owners of Premium Bonds should consult their tax advisors with respect to the determination and treatment of amortizable bond premium for federal income tax purposes, and with respect to the state and local tax consequences of owning such Premium Bonds.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Hoy Shingleton, Jr., Esquire, Martinsburg, West Virginia, Counsel for the District, will pass upon certain legal matters for the District, including proceedings regarding the Public Service Commission of West Virginia. Steptoe & Johnson PLLC, Charleston, West Virginia, as Disclosure Counsel, will pass on certain legal matters for the District.

ABSENCE OF MATERIAL LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by

any court, public board or body, now pending or, to the best knowledge of the District, threatened or affecting the District (or, to the District's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the District's financial position or on the validity of the Series 2015 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 2015 B Bonds.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See "THE BONDS - General."

UNDERWRITING

The Series 2015 B Bonds were offered by the District at competitive bidding on February 17, 2015.

The District has been represented by Compass Municipal Advisors, LLC, as Municipal Advisor to the District throughout the transaction.

FINANCIAL STATEMENTS

Included herein as Appendix B are the audited financial statements of the District as of and for the fiscal year ended June 30, 2014, and the report with respect to the audited financial statements as of and for the fiscal year ended June 30, 2014, dated September 16, 2014, of Decker & Company PLLC. The District has obtained the consent of Decker & Company PLLC, Certified Public Accountants to publish the audited financial statements with this Official Statement.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Bonds, in accordance with the Continuing Disclosure Agreement which shall be delivered in substantially the form attached hereto as APPENDIX D, to provide Annual Financial Information not later than the last day of the fiscal year (presently June 30) immediately following the end of the District's fiscal year for which disclosure is due, commencing with the report for the fiscal year ended June 30, 2015, and to provide notice of the occurrence of the enumerated events listed therein. The Annual Information and each notice of enumerated events will be filed electronically by United Bank, Inc., Charleston, West Virginia, as dissemination agent, on behalf of the District, with the Electronic Municipal Markets Access system ("EMMA").

This continuing disclosure obligation is being undertaken to comply with Rule 15c2-12 (the "Rule") promulgated by the Securities Exchange Commission. The District has agreed to give notice in a timely manner to EMMA of any failure to supply the required information. However, any such failure will not constitute a default under the terms of the Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. SEE "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT." Registered Owners may contact the District's Executive Director at 251 Caperton Boulevard, Martinsburg, West Virginia 25403, (304) 267 - 4600, for more information.

The District has eleven series of outstanding bonds which are subject to "undertakings" for continuing disclosure under the Rule: the Series 2003 A Bonds, Series 2003 B Bonds, Series 2006

Bonds, Series 2007 Bonds, Series 2008 Bonds, Series 2009 Bonds, Series 2012 A Bonds, Series 2012 B Bonds, Series 2013 A Bonds, Series 2013 B Bonds and Series 2015 A Bonds. The District failed to timely file audited financial statements for each of the aforementioned bond issues for the fiscal years ended June 30, 2010 and June 30, 2011 neither of which was filed until October 30, 2012. The District failed to file Notices of Failure to File for the late filing of the June 30, 2010 and June 30, 2011 audits until January 28, 2015. The audited financial statements for the fiscal years end June 30, 2012, June 30, 2013 and June 30, 2014 were timely filed.

The District failed to provide certain annual operating data required by the undertakings required by certain of the Prior Bonds for the fiscal years ended June 30, 2010, June 30, 2011, June 30, 2012, June 30, 2013 and June 30, 2014. The District included the required financial information for its fiscal year ended June 30, 2013 pursuant to its Official Statement with respect to the Series 2013 A Bonds and Series 2013 B Bonds filed with EMMA on December 6, 2013. The District filed its annual operating data with respect to its fiscal years ending June 30, 2012 and June 30, 2013 with EMMA on December 6, 2013, which was not timely pursuant to the requirements of its prior undertakings pursuant to the Rule. The District has filed annual operating data with respect to its Fiscal Years ending in June 30, 2010 or June 30, 2011. The District filed the annual operating data for the fiscal year ended June 30, 2014 on January 28, 2015. The District failed to file a material event notice with EMMA regarding the failure to file the aforementioned annual operating data until January 28, 2015.

The District failed to timely file material event notices related to the downgrade of Assured Guaranty Municipal Corp. by various ratings agencies, although the District has made such filings with EMMA subsequent to the filing period required by the Rule and its prior undertakings.

The District failed to timely file notice of the downgrade of its underlying rating by Moody's Investors Service Inc. on November 20, 2012. The District has filed a material event notice with EMMA regarding the downgrade of the District by Moody's although such filing was made subsequent to the period of time required by the Rule and its prior undertakings.

The District had not, historically, employed a third party dissemination agent until United Bank, Inc. was hired by the District as dissemination agent in connection with the issuance of its Series 2013 A Bonds and Series 2013 B Bonds. It is anticipated that the hiring by the District of United Bank, Inc. as dissemination agent should serve to facilitate timely filings by the District with EMMA pursuant to the Rule and avoid the need in the future for corrective actions.

RATING

Standard & Poor's Rating Services ("S&P") and Moody's Investor Services ("Moody's") are expected to assign ratings of "AA" (stable outlook) and "A2" (stable outlook) upon delivery of the Policy by AGM at closing with respect to the Series 2015 B Bonds. Moody's has assigned an underlying rating of "A3" to the Series 2015 B Bonds. Each such rating reflects only the views of such organization, and reference is made to such organization for the meaning of such rating. There is no assurance that any such rating will continue for any period of time or that any such rating will not be revised downward or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of any such rating may have an adverse effect upon the market price or value of the Series 2015 B Bonds.

Except as provided under "CONTINUING DISCLOSURE" herein, the District has not undertaken any responsibility to take any action with respect to possible changes in such rating or to bring any such changes to the attention of the Bondholders.

MISCELLANEOUS

The foregoing summaries, explanations and quotations do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. Purchasers are referred to the Act and the Resolution for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds. The District has authorized the execution and distribution of this Official Statement.

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____

Its: Chairman

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING BERKELEY COUNTY, WEST VIRGINIA

Berkeley County Public Service 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 Quad Graphics, Quad Baker Road, Plygem, Ecolab and Essroc.

The 2013 estimated population of Berkeley County is approximately 108,706 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, 2013.

Population Year	Population Amount	Percentage Change
2013	108,706	1.50%
2012	107,098	1.44%
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
	West Virginia	796,200	744,700	51,500	6.5%
2013	Berkeley County	47,370	44,530	2,840	6.0%
	West Virginia	804,000	755,000	49,000	6.10%
2012	Berkeley County	47,000	43,710	3,290	7.0%
	West Virginia	804,900	745,800	59,100	7.3%
2011	Berkeley County	45,410	41,810	3,600	7.9%
	West Virginia	803,200	740,200	63,000	7.8%
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%

Source: Workforce West Virginia

The table below lists the top 10 largest employers in Berkeley County, West Virginia as of March 2014:

Rank	Employers
1	Berkeley County Board of Education
2	Department of Veterans Affairs
3	City Hospital, Inc.
4	U.S. Department of Treasury
5	Quad/Graphics, Inc.
6	Wal-Mart Stores, Inc.
7	Department of Defense
8	FedEx Smartpost, Inc.
9	Department of Defense
10	Berkeley County Commission

Source: Workforce West Virginia

APPENDIX B

FINANCIAL STATEMENTS

Berkeley County
Public Service District

FINANCIAL STATEMENTS

June 30, 2014 and 2013

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DECKER & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTING

Warm Springs Business Center · 64 Warm Springs Avenue · Martinsburg, WV 25404

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

The Members of the Public Service Board
Berkeley County Public Service District

We have audited the accompanying financial statements of the business-type activities, of Berkeley County Public Service District ("District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The District's financial statements for the year ended June 30, 2013 were audited by other auditors whose report dated September 24, 2013 expressed an unqualified opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 District as of June 30, 2014 and 2013, and the changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 5-11 and 34-36 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Berkeley County Public Service District's basic financial statements. The supplemental information on page 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedules of operating expenses are responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 16, 2014, on our consideration of the Berkeley County Public Service 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 in considering the District's internal control over financial reporting and compliance.

Decker & Company PLLC

September 16, 2014

Berkeley County Public Service District

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED

June 30, 2014

This discussion and analysis of the Berkeley County Public Service District's ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Independent Auditor's Report on page 3 and 4 and the District's financial statements that begin on page 12.

HIGHLIGHTS

Financial highlights

The District's net position decreased by $0.27 million, or 0.47%, as a result of this year's operations.

Operating revenues increased to $11.02 million, or 10.73% in FY2014 and operating expenses increased 5.99%.

The District's capital contributions increased by $0.61 million to $1.08 million, a 130.81% increase from last year.

District highlights

The District completed a $9.07 million of capital improvement projects, including the construction of an Operations Center, construction of 1.47 miles of large diameter water mains, and commissioning new groundwater well pumps and transmission main.

There were 4.05 miles of water mains added to the water distribution system during the year, of which 1.49 miles (estimated cost of $0.70 million) were installed by developers who transferred ownership to the District.

The number of metered customers served by the District increased from 20,579 to 21,071, an increase of 2.39%. Steady growth continues to create a need for additional resources to efficiently maintain the water system.

The District issued $12,775,000 in new revenue bonds to refinance the 2007 bond anticipation note. A rate increase of approximately 15.5% was approved by the West Virginia Public Service Commission to finance the Series 2013 revenue bonds. Although the District was not in compliance with its revenue bond required debt service coverage ratio as of June 30, 2014, the District believes that the rate increase will provide sufficient revenue to achieve compliance for the fiscal year ending June 30, 2015.

USING THIS ANNUAL REPORT

This annual report consists of three parts: Management's Discussions and Analysis, Financial Statements, and Required Supplemental Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

USING THIS ANNUAL REPORT (continued)

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 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 **Statements of Revenues, Expenses, and Changes in Net Position**. 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 Statements of Cash Flows provides information about the District's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and noncapital financing activities. It also 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 year?".

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

One of the most important questions 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 Change in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in it. You can think of the District's net position (the difference between assets and liabilities) as one way to measure financial health or financial position. Over time, increases and decreases in the District's net position 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 position decreased by $0.27 million from last year. Our analysis below focuses on the District's net position (Table 1) and changes in net position (Table 2) during the year.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table 1	2014	2013
Capital assets (net)	$ 112,608,258	$ 110,064,169
Current and other assets	14,564,667	19,273,062
Total Assets	$ 127,172,925	$ 129,337,231
Long-term debt outstanding	$ 67,391,442	$ 56,748,128
Other liabilities	3,270,582	15,811,063
Total liabilities	$ 70,662,024	$ 72,559,191
Net Assets:		
Invested in capital assets, net of debt	$ 45,123,718	$ 41,322,215
Restricted	9,083,024	13,502,404
Unrestricted	2,304,159	1,953,421
Total net position	$ 56,510,901	$ 56,778,040

Changes in the District's net position can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Changes in Net Position for the year.

Table 2	2014	2013
Net operating revenues	$ 11,016,247	$ 9,948,659
Interest and other income	31,299	35,207
Total Revenues	11,047,546	9,983,866
Operating expenses	5,626,322	5,308,497
Interest expense	2,758,465	2,848,586
Other (income) expenses	177,855	134,781
Depreciation	3,828,214	3,696,664
Total expenses	12,390,856	11,988,528
Excess of revenues over expenses	(1,343,310)	(2,004,662)
Capital contributions	1,076,171	466,239
Change in net position	(267,139)	(1,538,423)
Net position at beginning of year	56,778,040	58,316,463
Net position at end of year	$ 56,510,901	$ 56,778,040

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Total Operating Revenues reflect a 10.73% increase in 2014 compared to 2013 due mainly to the rate increase that became effective during the past year. Water sales also increased as a result of growth in the number of customer connections. Interest income was less in 2014 because the District had fewer funds to invest compared to the year before.

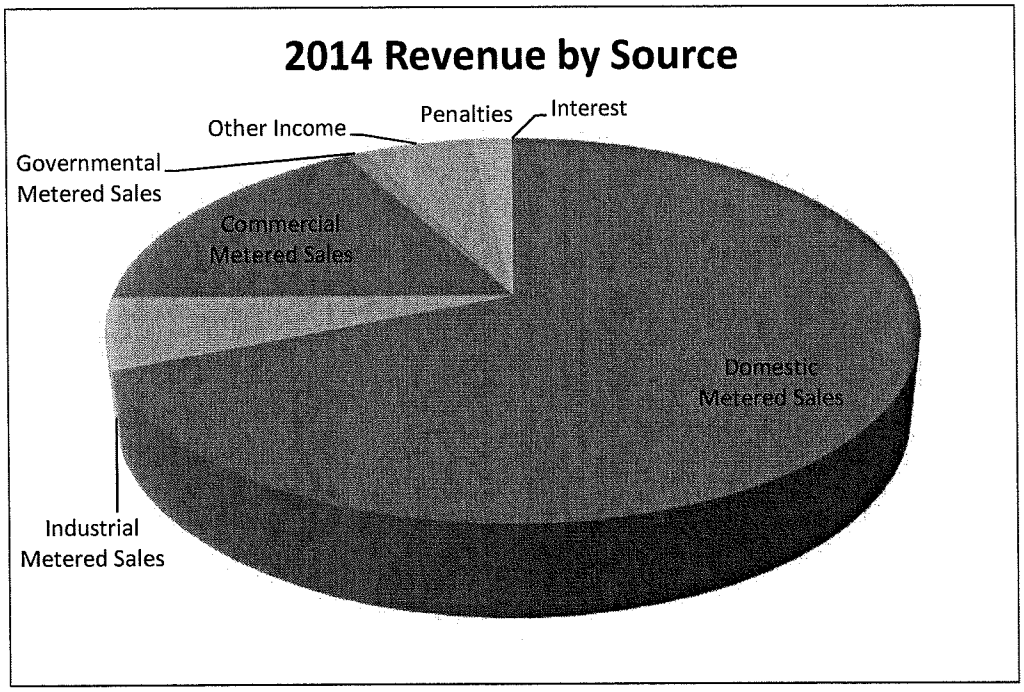
Operating expenses increased by approximately 5.99% in 2014 compared to 2013 due primarily to higher costs for power, chemicals, purchased water, maintenance, wages, and health insurance.

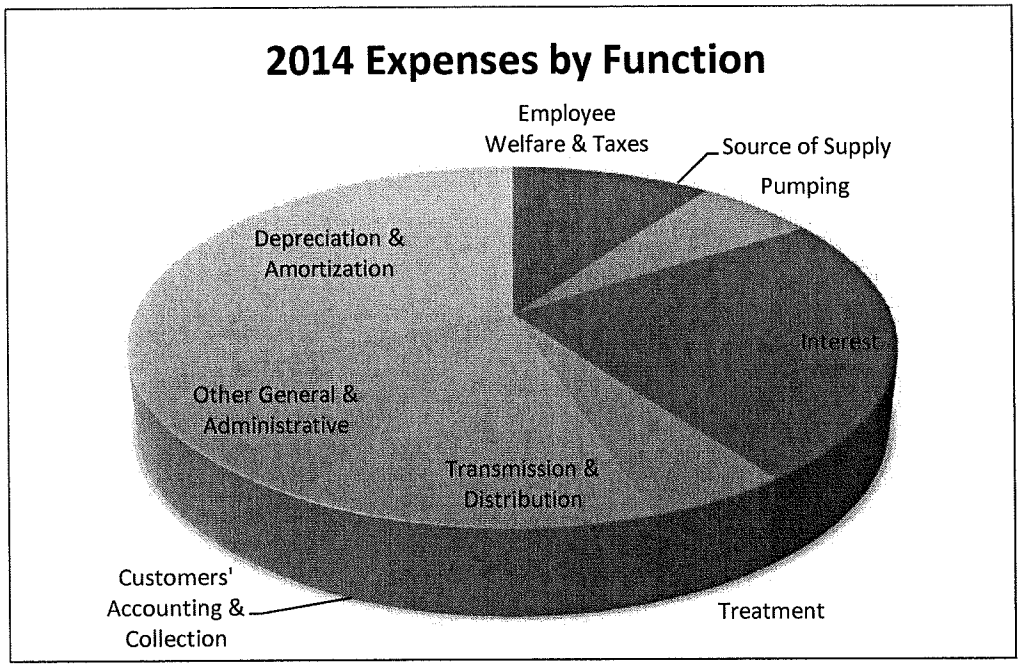
THE DISTRICT'S FUNDS

The District is operated as a proprietary or enterprise fund venture. As such the District operates **six** primary cash fund types. The **General Cash Fund** has been established since the District's inception to report charges to water customers and for services provided to them. The **Renewal and Replacement (R&R) Cash Fund** is required by bond documents and is used to provide replacements of capital equipment and vehicles and for major repairs to water production and storage equipment. The **Construction Cash Fund** is used for the orderly disbursement of bond monies to complete approved projects. The **Security Deposit Cash Fund** is used strictly as an escrow depository for customer security deposits. The **Tank Maintenance Cash Fund** provides for the systematic completion of required maintenance of the District's water storage tanks. The **Membrane Replacement Fund** provides for the replacement of the membrane filtration units at the Potomac River Water Filtration Plant.

Budgetary highlights

The District's Board of Directors adopted the Operating Budget of $11,746,300 for FY 2013/2014 on May 29, 2013. Major differences between budgeted and actual amounts per budgetary basis on the Budgetary Comparison Schedule on page 35 are as follows: Income from metered water sales of all customer categories except Industrial exceeded budget, resulting from the rate increase that went into effect earlier in the fiscal year than was anticipated; the refund from the West Virginia Municipal Bond Commission was greater than anticipated; with the higher revenue, the District had no need to borrow funds for daily operations; electricity and chemical costs for water treatment were greater than budgeted; less water was purchased than anticipated; the District moved into the new Operations Center earlier than expected, reducing rent expenses; and capital expenditures fell below budget because a planned water main project was postponed.


2014 Revenue by Source
Penalties
Interest
Other Income
Governmental Metered Sales
Commercial Metered Sales
Domestic Metered Sales
Industrial Metered Sales


2014 Expenses by Function
Employee Welfare & Taxes
Source of Supply
Pumping
Depreciation & Amortization
Interest
Other General & Administrative
Transmission & Distribution
Customers' Accounting & Collection
Treatment

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2014 Fiscal Year, the District had $112 million invested in a broad range of capital assets, including water treatment plants water transmission and distributions mains, water storage facilities, pump stations and pressure reducing stations. This amount represents a net increase (including additions and deductions) of $2.53 million, or 2.30% over the 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, 2014 and 2013.

Table 3	2014	2013
Land	$ **1,392,463**	$ 1,392,463
Source of supply & pumping plant	**9,428,413**	8,103,227
Water treatment plant	**20,931,328**	21,598,729
Transmission and distribution plant	**73,546,849**	71,348,923
General plant and equipment	**6,960,971**	1,807,472
Construction work in progress	**348,234**	5,813,351
Net utility plant	$ **112,608,258**	$ 110,064,165

This year's major additions included:

Source of supply & pumping plant	$ 1.68 million
Water treatment plant	$ .00 million
Transmission and distribution plant	$ 4.77 million
General plant and equipment	$ 5.37 million

The District awarded professional design contracts for the following projects:

FY 2013
- None

FY 2014
- None

CAPITAL ASSETS AND DEBT ADMINSTRATION (continued)

The District's 2015 capital budget plans for investing $0.87 million in capital additions and equipment, including the following:

New equipment at water plants
Service connections and meters
Main line extensions and fire hydrants
Water main and service line replacement
Transportation equipment
Tools and equipment
Office furniture and equipment

Berkeley County Public Service District

Balance Sheets

June 30, 2014 and 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and temporary investments	$ **543,201**	$ 514,403
Accounts receivable - customers (net of allowance for doubtful accounts of $42,000 and $42,000 respectively)	**1,931,661**	1,600,259
Inventory	**234,659**	165,495
Other current assets	**77,225**	76,309
Total current assets	**2,786,746**	2,356,466
RESTRICTED ASSETS		
Debt service funds	**2,104,220**	1,958,475
Debt service reserve funds	**4,736,879**	4,540,886
Construction funds	**512,269**	5,984,435
Renewal and replacement funds	**1,715,530**	1,838,500
Customer deposits	**476,442**	460,323
Capacity improvement fees	**-**	112,702
Total restricted assets	**9,545,340**	14,895,321
Total current and restricted assets	**12,332,086**	17,251,787
UTILITY PLANT		
Utility plant in service	**154,673,875**	143,496,060
Construction in progress	**348,234**	5,813,351
Less accumulated depreciation	**(42,413,851)**	(39,245,242)
Net utility plant	**112,608,258**	110,064,169
OTHER ASSETS		
Unamortized debt issue expense	**2,232,581**	2,021,275
Total assets	$ **127,172,925**	$ 129,337,231

See accompanying notes and independent auditors' report.

Berkeley County Public Service District

BALANCE SHEETS (Continued)

June 30, 2014 and 2013

LIABILITIES

	2014	2013
CURRENT LIABILITIES (payable from current assets)		
Leases payable (due within one year)	$ 51,987	$ 51,553
Accounts payable	265,746	153,292
Accrued expenses	111,108	164,549
Accrued payroll taxes	2,856	2,863
Total current liabilities (payable from current assets)	431,697	372,257
CURRENT LIABILITIES (payable from restricted assets)		
Advances for construction - developers	27,972	-
Revenue bonds payable (due within one year)	1,972,697	1,485,926
Bond anticipation notes payable (due within one year)	-	12,000,000
Accrued interest expense	375,900	559,962
Construction payables	-	946,108
Customer deposits	462,316	446,810
Total current liabilities (payable from restricted assets)	2,838,885	15,438,806
Total current liabilities	3,270,582	15,811,063
LONG-TERM LIABILITIES		
Advances for construction - developers	449,510	582,422
Leases payable	734,993	788,092
Net OPEB obligation	102,877	82,340
Revenue bonds payable	66,361,896	55,559,592
Less: unamortized deferred loss	(257,834)	(264,318)
Total long-term liabilities	67,391,442	56,748,128
Total liabilities	70,662,024	72,559,191

NET POSITION

NET POSITION		
Invested in capital assets, net of related debt	45,123,718	41,322,215
Restricted for debt and construction	9,083,024	13,502,404
Unrestricted	2,304,159	1,953,421
Total net position	56,510,901	56,778,040
Total liabilities and net position	$ 127,172,925	$ 129,337,231

See accompanying notes and independent auditors' report.

Berkeley County Public Service District

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Metered water sales		
Domestic	$ **7,656,378**	$ 6,807,245
Commercial	**1,802,091**	1,625,262
Industrial	**608,609**	613,455
Governmental	**159,020**	141,395
Customers' forfeited discounts and penalties	**236,162**	214,200
Other operating income	**553,987**	547,102
Total operating revenues	**11,016,247**	9,948,659
OPERATING EXPENSES	**5,626,322**	5,308,497
Operating income before depreciation	**5,389,925**	4,640,162
DEPRECIATION	**3,828,214**	3,696,664
Operating income	**1,561,711**	943,498
NON-OPERATING INCOME (EXPENSES)		
Interest earned	**24,819**	35,207
Gain on disposal of utility plant	**6,480**	-
Miscellaneous non-utility expense	**(57,556)**	-
Interest expense	**(2,758,465)**	(2,848,586)
Amortization	**(120,299)**	(134,781)
Total non-operating income (expense)	**(2,905,021)**	(2,948,160)
Decrease in net position before capital contributions	**(1,343,310)**	(2,004,662)
CAPITAL CONTRIBUTIONS	**1,076,171**	466,239
Decrease in net position	**(267,139)**	(1,538,423)
Net position at beginning of year as previously reported	**56,778,040**	58,380,880
Prior period adjustment - error in prepaid expenses	**-**	(64,417)
Net position at end of year	$ **56,510,901**	$ 56,778,040

See accompanying notes and independent auditors' report.

Berkeley County Public Service District

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 10,700,351	$ 9,848,060
Cash payments for goods and services	(2,712,362)	(2,336,952)
Cash payments for employee services	(2,966,256)	(3,104,043)
Net cash provided by operating activities	5,021,733	4,407,065
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	24,819	35,207
Maturities, redemptions and (purchases) of certificates of deposit (net)	(54,535)	(204,782)
Net cash used in investing activities	(29,716)	(169,575)
CASH FLOWS FROM CAPTIAL AND RELATED FINANCING ACTIVITIES		
Proceeds from revenue bond payable	12,775,000	7,800,000
(Payments on) proceeds from line of credit (net)	-	(261,000)
Proceeds from utility plant disposal	6,480	-
Principal payments on revenue bonds payable	(1,485,925)	(1,447,997)
Principal payments on bond anticipation notes	(12,000,000)	-
Proceeds from capital lease payable	-	90,722
Principal payments on capital lease payable	(52,665)	(32,304)
Interest paid	(2,943,373)	(2,818,483)
Proceeds from (payments for) advances for construction-developers	(104,940)	426,157
Payments on construction payable	(946,108)	-
Payments made for issuance cost	(331,605)	(358,477)
Acquisition and construction of capital assets	(5,304,851)	(4,092,406)
Payments received for service connections	20,250	21,150
Payments (made for) received for capital improvement fees	-	(168,480)
Net cash used in capital and related financing activities	(10,367,737)	(841,118)
Net increase in cash and cash equivalents	(5,375,720)	3,396,372
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,909,966	10,513,594
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 8,534,246	$ 13,909,966
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	$ 1,561,711	$ 943,498
Depreciation	3,828,214	3,696,664
Adjustments for changes in operating assets and liabilities:		
Receivables, net	(331,402)	(121,015)
Inventories	(69,164)	5,773
Other operating assets	(916)	(27,246)
Payables including trade and payroll	50,688	(69,723)
OPEB payable	20,537	(82,508)
Accrued expenses and other operating liabilities	(37,935)	61,622
Net cash provided by operating activities	$ 5,021,733	$ 4,407,065
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Main line extensions contributed by developers	$ 1,055,921	$ 613,569
Revenue bonds/bond anticipation note refinanced	$ 12,000,000	$ 7,425,000

See accompanying notes and independent auditors' report.

GENERAL

The Berkeley County Public Service District ("District") is a public corporation created under the law 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 designated 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 position (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 position.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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 principle ongoing operations. The principle 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 revenue and expenses.

Assets, Liabilities and Net Position

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 average cost 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 a straight-line method at various rates calculated to allocate the cost 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, 2014 and 2013 was $132,370 and $93,254, 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 estimated useful lives at June 30, 2014 and 2013, 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
Vehicle	5-10 years
Shop and garage equipment	5-25 years

Construction work in progress represents costs accumulated for the replacement of sections of the District's transmission and distribution systems, plan 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 vacation leave upon termination or retirement. The District accrues 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 $53,677 and $59,570 at June 30, 2014 and 2013, respectively.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of outstanding debt during the year.

Net Position Classifications

Net position is 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 position - consists of net position 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 position - all other net position 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 consists of the following accounts and amounts at June 30, 2014 and 2013:

		2014		2013
Operation and maintenance	$	**5,583**	$	14,968
Other cash		**900**		900
Revenue fund - cash		**334,705**		268,131
Revenue fund - certificates of deposit		**202,013**		230,404
Total	$	**543,201**	$	514,403

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 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 (WV PSC). Per order of the WV PSC, the District no longer collects these fees, but is still restricted in regard to use of previously collected fees still held on deposit.

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, 2014, the District's cash and investment balances were as follows:

Investment Type	Maturities	Standard and Poor Credit Rating		Fair Value
Repurchase Agreements	Daily		$	233,393
State Investment Pool	Average of 90 Days	AA-		7,337,275
Total investments				7,570,668
Cash and Certificates of Deposit				2,517,873
Total Cash, Certificates of Deposit, and Investments			$	10,088,541

Credit Risk

State statues authorize the government to invest in the State Investment Pool or the Municipal Commissions 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 deeds of trust 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 the 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.

DEPOSITS AND INVESTMENTS (continued)

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, 2014, $1,788,200 of the District's bank balance of $2,804,274 was exposed to custodial credit risk. Of the bank balance, $1,201,920 was covered by Federal Deposit Insurance (FDIC). Of the remaining balance of $1,602,354, $1,368,961 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name, and $233,393 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, 2014 and 2013.

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance at July 1, 2012	Additions	Retirements	Balance at June 30,2013
Capital assets not being depreciated:				
Construction in progress	$ 1,896,664	$ 4,663,338	$ 746,651	$ 5,813,351
Land	1,394,090	-	-	1,394,090
Total not being depreciated	3,290,754	4,663,338	746,651	7,207,441
Other capital assets:				
Land improvements	140,919	-	-	140,919
Utility plant and equipment	65,441,147	671,936	48,069	66,065,014
Water lines, meters and hydrants	70,845,044	941,423	582,078	71,204,389
Office equipment and furniture	422,474	15,888	41,157	397,205
Vehicles	2,728,549	26,633	-	2,755,182
Shop, garage, and other equipment	1,470,249	79,517	10,505	1,539,261
Total other capital assets	141,048,382	1,735,397	681,809	142,101,970
Less accumulated depreciation:				
Land improvements	82,104	3,295	-	85,399
Utility plant and equipment	17,568,430	1,409,114	48,069	18,929,475
Water lines, meters and hydrants	16,268,789	2,117,033	582,078	17,803,744
Office equipment and furniture	289,074	21,122	41,157	269,039
Vehicles	1,066,347	99,919	-	1,166,266
Shop, garage, and other equipment	955,643	46,181	10,505	991,319
Total accumulated depreciation	36,230,387	3,696,664	681,809	39,245,242
Net capital assets	$ 108,108,749	$ 2,702,071	$ 746,651	$ 110,064,169

CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance at July 1, 2013	Additions	Retirements	Balance at June 30,2014
Capital assets not being depreciated:				
Construction in progress	$ 5,813,351	$ 4,904,594	$ 10,369,711	$ 348,234
Land	1,392,463	-	-	1,392,463
Total not being depreciated	7,205,814	4,904,594	10,369,711	1,740,697
Other capital assets:				
IP Organization	599	-	599	-
Source of supply & pumping plant	17,290,510	1,685,601	13,145	18,962,966
Water treatment plant	25,701,038	2,402	5,796	25,697,644
Transmission and distribution plant	95,141,971	4,769,443	426,521	99,484,893
General plant and equipment	3,969,475	5,379,978	213,544	9,135,909
Total other capital assets	142,103,593	11,837,424	659,605	153,281,412
Less accumulated depreciation:				
Source of supply & pumping plant	9,187,283	360,415	13,145	9,534,553
Water treatment plant	4,102,309	669,803	5,796	4,766,316
Transmission and distribution plant	23,793,048	2,571,517	426,521	25,938,044
General plant and equipment	2,162,602	226,479	214,143	2,174,938
Total accumulated depreciation	39,245,242	3,828,214	659,605	42,413,851
Net capital assets	$ 110,064,165	$ 12,913,804	$ 10,369,711	$ 112,608,258

REVENUE BONDS PAYABLE

The District is obligated under certain bond resolutions with respect to the following revenue bonds outstanding as of June 30, 2014 and 2013:

	2014	2013
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 $40,229 including 7.75% interest;	**$ 413,378**	$ 423,874
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;	**8,136**	8,588
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%;	**8,115,421**	8,305,985

REVENUE BONDS PAYABLE (Continued)

	2014	2013
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%;	$ **550,485**	$ 562,069
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;	**1,751,516**	1,780,339
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;	**885,000**	1,015,000
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;	**1,505,657**	1,619,663
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;	**9,575,000**	9,660,000
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;	**2,245,000**	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%;	**9,500,000**	9,500,000

REVENUE BONDS PAYABLE (Continued)

	2014	2013
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%;	$ **6,395,000**	$ 6,645,000
Series 2012A water revenue bonds in the original amount of $7,425,000, principal payable in annual installments at varying amounts and semi-annual interest at varying rates averaging 2.07%; interest payments beginning June 2013 at 1.00% and principal payments beginning December 2013 and concluding December 2024 including 2.38% interest;	**6,840,000**	7,425,000
Series 2012B water revenue bonds in the original amount of $7,800,000, principal payable in annual installments at varying amounts and semi-annual interest at varying rates averaging 3.12%; interest payments beginning June 2013 at 1.00% and principal payments beginning December 2013 and concluding December 2032 including 3.25% interest;	**7,775,000**	7,800,000
Series 2013A water revenue bonds in the original amount of $9,900,000, principal payable in annual installments at varying amounts and semi-annual interest at varying rates averaging 3.95%; interest payments beginning June 2014 at 2.00% and principal payments beginning December 2014 and concluding December 2033 including 4.5% interest;	**9,900,000**	-
Series 2013B water revenue bonds in the original amount of $2,875,000, principal payable in annual installments at varying amounts and semi-annual interest at varying rates averaging 3.04%; interest payments beginning June 2014 at 1.4% and principal payments beginning December 2014 and concluding December 2020 including 3.95% interest;	**2,875,000**	-
	$ **68,334,593**	$ 57,045,518

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, 2014 are as follows:

Year Ending June 30:	Principal	Interest	Total
2015	$ 1,972,697	$ 2,752,928	$ 4,725,625
2016	2,030,829	2,696,060	4,726,889
2017	2,095,405	2,632,901	4,728,306
2018	2,166,518	2,561,789	4,728,307
2019	2,244,262	2,481,892	4,726,154
2020-2024	13,247,369	11,033,116	24,280,485
2025-2029	17,037,146	8,048,683	25,085,829
2030-2034	19,031,429	4,035,933	23,067,362
2035-2039	8,384,097	749,733	9,133,830
2040	124,841	3,620	128,461
Total	$ 68,334,593	$ 36,996,655	$ 105,331,248

The revenue bond issues are secured by a lien on the revenues derived from the system and a statutory mortgage lien on the system plant.

	Balance at July 1, 2012	Additions	Deductions	Balance at June 30,2013
Sewer revenue bonds:				
Series B 1993	$ 433,615	$ -	$ 9,742	$ 423,873
Series C 1993	9,041	-	452	8,589
Series D 1993	8,484,498	-	178,513	8,305,985
Series 1996	572,972	-	10,903	562,069
Series 2001	1,807,581	-	27,242	1,780,339
Series B 2003	1,140,000	-	125,000	1,015,000
Series C 2003	1,728,241	-	108,578	1,619,663
Series 2004	7,840,000	-	7,840,000	-
Series 2006	9,735,000	-	75,000	9,660,000
Series 2007	2,300,000	-	-	2,300,000
Series 2008	9,500,000	-	-	9,500,000
Series 2009	6,940,000	-	295,000	6,645,000
Series 2012 A	-	7,425,000	-	7,425,000
Series 2012 B	-	7,800,000	-	7,800,000
Total water revenue bonds payable	$ 50,490,948	$ 15,225,000	$ 8,670,430	$ 57,045,518
Less: Current portion due in upcoming year:				1,485,926
Long-term water revenue bonds payable at June 30, 2013 (net of current portion)				$ 55,559,592

REVENUE BONDS PAYABLE (Continued)

	Balance at July 1, 2013	Additions	Deductions	Balance at June 30,2014
Sewer revenue bonds:				
Series B 1993	$ 423,873	$ -	$ 10,495	$ 413,378
Series C 1993	8,589	-	453	8,136
Series D 1993	8,305,985	-	190,564	8,115,421
Series 1996	562,069	-	11,584	550,485
Series 2001	1,780,339	-	28,823	1,751,516
Series B 2003	1,015,000	-	130,000	885,000
Series C 2003	1,619,663	-	114,006	1,505,657
Series 2006	9,660,000	-	85,000	9,575,000
Series 2007	2,300,000	-	55,000	2,245,000
Series 2008	9,500,000	-	-	9,500,000
Series 2009	6,645,000	-	250,000	6,395,000
Series 2012 A	7,425,000	-	585,000	6,840,000
Series 2012 B	7,800,000	-	25,000	7,775,000
Series 2013 A	-	9,900,000	-	9,900,000
Series 2013 B	-	2,875,000	-	2,875,000
Total water revenue bonds payable	$ 57,045,518	$ 12,775,000	$ 1,485,925	$ 68,334,593
Less: Current portion due in upcoming year:				1,972,697
Long-term water revenue bonds payable at June 30, 2014 (net of current portion)				$ 66,361,896

The significant covenants contained in the bond issues are as follows:

	2014	2013
Actual coverage ratio	115%	122%
Required coverage ratio	120%	120%
Required annual additions to renewal and replacement fund	$ 275,375	$ 236,080
Required future debt service reserve	$ 4,729,626	$ 5,526,619

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, 2014 the District is not in compliance with its revenue bond required debt service coverage ratio. However, with its recent rate increase of approximately 15.5%, the District anticipates being compliant with its required debt service coverage ratio starting in the fiscal year that ends June 30, 2015. At June 30, 2013 the District was in compliance with its revenue bond required debt service coverage ratio.

During the fiscal year ended June 30, 2013, the District issued Series 2012A bonds to refinance the Series 2004 bonds. The District recognized a $202,568 loss in relation to the refinance, to be amortized over the life of the new bonds issued. During the fiscal year ended June 30, 2014, the District issued Series 2013A and 2013B bonds to refinance the Series 2007 bond anticipation note. The District recognized a $26,664 loss in relation to the refinance, to be amortized over the life of the new bonds issued.

BOND ANTICIPATION NOTE PAYABLE

The District was obligated under certain bond resolutions with respect to the following revenue bonds outstanding as of June 30, 2014 and 2013:

	2014	2013
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. Refinanced with the 2013A and 2013B bonds.	$ -	$ 12,000,000

The bond anticipation note issue was 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 1, 2012	Additions	Deductions	Balance at June 30,2013
Long-term bond anticipation note payable:				
Series 2007	$ 12,000,000	$ -	$ -	$ 12,000,000

	Balance at July 1, 2013	Additions	Deductions	Balance at June 30,2014
Long-term bond anticipation note payable:				
Series 2007	$ 12,000,000	$ -	$ 12,000,000	$ -

The significant covenants contained in the bond issue are as follows:

	2013
Actual coverage ratio	107%
Required coverage ratio	100%
Required annual additions to renewal and replacement fund	$ 236,080
Required future debt service reserve	$ 1,000,000

The above actual coverage ratio excludes the 2007 bond anticipation note principal. This issue was 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, 2013 the District was 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, 2014 and 2013 was $0 and $0, respectively.

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.

On February 20, 2013, the District entered into a capital lease financing agreement with Branch Banking & Trust (BB&T). The amount financed was $90,722, at an annual interest rate of 1.94%. Under the agreement, the District pays BB&T monthly principal and interest payments beginning March 20, 2013, and ending four years later on February 20, 2017. At the end of the lease, ownership of the leased equipment is transferred to the District for the sum of $10.

Minimum future lease payments under capital leases as of June 30, 2014, for each of the next five years in the aggregate, are:

Year Ending June 30:		
2015	$	81,020
2016		81,020
2017		73,157
2018		57,430
2019		57,430
2020-2024		287,151
2025-2029		287,151
2030-2032		119,646
Total minimum lease payments		1,044,005
Less: amount representing interest		257,026
Present value of net minimum lease payments	$	786,979

In addition to leasing the water distribution main, the District committed to purchase a minimum of 25,000 gallons of water per day from the City. Based on the City's tariff, the minimum purchase amount was $33,150 for the year ended June 30, 2014.

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 purchase a minimum of 200,000 gallons of water per day 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 estimate 5.8% interest rate in effect over the term of this agreement (40 years). Based on the City's tariff, the minimum purchase amount was $262,204 for the year ended June 30, 2014.

OPERATING LEASES

The District entered into an operating lease for administrative space on October 1, 2001. Rental expense charged to income for the years ended June 30, 2014 and 2013 was $38,141 and $48,966, respectively. This lease was terminated on March 31, 2014.

The District also entered into an operating lease for shop facilities on August 26, 2011. Rental expense for the years ended June 30, 2014 and 2013 was $26,667 and $35,556, respectively. This lease was terminated on March 31, 2014.

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 2040, if all renewal periods are elected. Monthly rents related to these agreements range from $600 - $2,460. Non-operating rental income for the years ended June 30, 2014 and 2013 was $169,949 and $147,439, 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. Also included in this account are advanced payment received by the District as of June 30, 2014 and 2013 of $477,482 and $582,422, respectively. These are payment for lines to be installed in developments.

RETIREMENT PLAN

All full-time employees of the District are covered by the West Virginia Public Employees Retirement System, which is a cost-sharing multi-employer PERS.

All full-time employees are eligible and must participate in the State PERS. The pension plan provides 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 $2,097,238, $2,102,296, and $2,088,564 for the years ended June 30, 2014, 2013 and 2012, 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% of its covered payroll. Total contributions made during the fiscal years ended June 30, 2012 through 2014 amounted to $302,719, $388,835, and $384,014 respectively, of which $87,887, $94,513, and $90,762 was made by employees. The above contributions represent 100% of the required contributions to the plan. Information regarding this plan is available from the state of West Virginia.

CONSTRUCTION IN PROGRESS

At June 30, 2014, construction in progress consisted of various water upgrade projects and studies.

Project 948 relates to water system capital improvements, namely easement acquisition for a water transmission main. As of June 30, 2014, 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, 2014, expenditures totaling $1,054,782 had been incurred on this project of which $866,347 had been completed and added to utility plant in service leaving $188,435 as construction in progress at June 30, 2014. The total project 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, 2014, expenditures totaling $140,874 had been incurred on this project, which is expected to cost approximately $2,920,000 upon completion.

Project 803 relates to Bunker Hill townhomes 16" water main. As of June 30, 2014, expenditures totaling $7,717 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 position are capital contributions, which represent management's estimate of the value of mainline extensions contributions 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 $1,055,921 and $613,569 for the years ended June 30, 2014 and 2013, respectively. Total capital contributions in the income statement consist of the following:

	2014	2013
Mainline extensions, hydrants, and services	$ 1,055,921	$ 613,569
Service connection fees	20,250	21,150
Capacity improvement fee (refunded)/collected	-	(168,480)
Total capital contributions	$ 1,076,171	$ 466,239

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash and cash equivalents consist of the following at June 30, 2014 and 2013:

	2014	2013
Operation and maintenance	$ 6,483	$ 15,868
Revenue fund	536,718	498,535
Debt service funds	2,104,220	1,958,475
Debt service reserve funds	4,736,879	4,540,886
Construction fund	512,269	5,984,435
Renewal and replacement fund	611,145	755,164
Security deposit funds	26,532	43,899
Capacity improvement fees	-	112,702
Total	$ 8,534,246	$ 13,909,964

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 resulting from the adoption as follows:

Fiscal Year:	Long-term Liabilities	Related Expenses
2014	$ 102,877	$ 20,537
2013	$ 82,340	$ (82,508)
2012	$ 164,848	$ 61,791

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 cost each year and amortize any unfunded liabilities over a period of thirty (30) years. As of July 1, 2012, 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:

	2014	2013
Normal cost	$ **6,124**	$ 6,124
Amortization of unfunded	**14,532**	14,532
Interest	**436**	436
Annual required contribution	$ **21,092**	$ 21,092
Annual required contribution	$ **21,092**	$ 21,092
Interest on net OPEB obligation	**-**	2,078
Adjustment to annual required contribution	**-**	(3,431)
Annual OPEB	**21,092**	19,739
Contributions made	**(3,048)**	(3,846)
Increase in net OPEB obligation	**18,044**	15,893
Net OPEB obligation - beginning of year	**82,340**	164,848
Adjustment pursuant to current actuarial estimate	**2,493**	(98,401)
Net OPEB obligation - end of year	$ **102,877**	$ 82,340

OTHER POST EMPLOYMENT BENEFITS (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for the years ended June 30, 2014 thru 2012:

Fiscal Year:	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation-End of year
2014	$ 21,092	14.45%	$ 102,877
2013	$ 21,092	18.23%	$ 82,340
2012	$ 61,791	7.52%	$ 164,848

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.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by 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, 2012
Actuarial cost method	Alternative measurement 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%

PRIOR PERIOD ADJUSTMENT

An Adjustment was made to correct an error by decreasing prepaid expenses by $64,417 to agree to actual balances as of June 30, 2013. The prior period adjustment had no effect on operations for the year ended June 30, 2014.

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.

SUBSEQUENT EVENTS

In preparing these financial statements, The District has evaluated events and transactions for potential recognition or disclosure through September 16, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Berkeley County Public Service District

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2014

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
07/01/12	$ -	$ 293,372	$ 293,372	N/A	N/A	N/A
07/01/09	$ -	$ 108,394	$ 108,394	N/A	N/A	N/A

Schedule of Contributions - Other Post Employment Benefits

Fiscal Year:	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed
2014	$ 21,092	14.45%
2013	$ 21,092	18.23%
2012	$ 61,791	7.52%
2011	$ 61,791	11.37%

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 District

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2014

	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	$ 7,007,500		$ 7,007,500		$ 7,656,378		$ -		$ 7,656,378
- commercial	1,680,700		1,680,700		1,802,091		-		1,802,091
- industrial	656,800		656,800		608,609		-		608,609
- governmental	145,400		145,400		159,020		-		159,020
Customers' forfeited discounts and penalties	216,300		216,300		236,162		-		236,162
Other operating income	1,012,600		1,012,600		553,987		-		553,987
Refunds and reimbursements	65,800		65,800		227,387	(E)	(227,387)		-
Total operating revenues	10,785,100		10,785,100		11,243,634		(227,387)		11,016,247
OPERATING EXPENSES	5,818,200		5,818,200		5,626,322		-		5,626,322
Operating income before depreciation	4,966,900		4,966,900		5,617,312		(227,387)		5,389,925
DEPRECIATION	-	(A)	-		-		3,828,214		3,828,214
Operating income (loss)	4,966,900		4,966,900		5,617,312		(4,055,601)		1,561,711
NON-OPERATING INCOME (EXPENSES)									
Interest income	36,400		36,400		24,819		-		24,819
Gain on disposal of utility plant	-		-			(A)	6,480		6,480
Miscellaneous non-utility expense	-		-		-	(A)	(57,556)		(57,556)
Interest expense	-	(B)	-		-		(2,758,465)		(2,758,465)
Amortization	-	(A)	-		-		(120,299)		(120,299)
Total non-operating income (expenses)	36,400		36,400		24,819		(2,929,840)		(2,905,021)
Decrease in net position before capital contributions	5,003,300		5,003,300		5,642,131		(6,985,441)		(1,343,310)
CAPITAL CONTRIBUTIONS	19,200		19,200		-	(A)	1,076,171		1,076,171
OTHER FINANCING SOURCES (USES)									
Line of credit proceeds	357,260		357,260		-	(E)	-		-
Renewal and replacement funds	301,340	(C)	301,340		258,532	(E)	(258,532)		-
Maintenance and Operating Reserve funds	247,000		247,000		-		-		-
Debt Service	(5,055,800)	(D)	(5,055,800)		(4,835,457)	(E)	4,835,457		-
Capital improvements	(872,300)		(872,300)		(5,304,851)	(E)	5,304,851		-
Total other financing sources (uses)	(5,022,500)		(5,022,500)		(9,881,776)		9,881,776		-
Increase (decrease) in net position	-		-		(6,639,580)		5,101,157		(267,139)
Net position at beginning of year	56,778,040		56,778,040		56,778,040		-		56,778,040
Net position at end of year	$ 56,778,040		$ 56,778,040		$ 50,138,460		$ 5,101,157		$ 56,510,901

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) Balance sheet transactions are excluded from revenues and expenses under GAAP.

See independent auditors' report.

Berkeley County Public Service District

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2013

	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	$ 6,807,245		$ -		$ 6,807,245
- commercial	1,756,000		1,756,000	1,625,262		-		1,625,262
- industrial	654,000		654,000	613,455		-		613,455
- governmental	137,200		137,200	141,395		-		141,395
Customers' forfeited discounts and penalties	206,000		206,000	214,200		-		214,200
Other operating income	475,400		475,400	547,102		-		547,102
Refunds and reimbursements	5,000		5,000	5,000	(F)	(5,000)		-
Total operating revenues	10,366,000		10,366,000	9,953,659		(5,000)		9,948,659
OPERATING EXPENSES	5,547,000		5,547,000	5,308,497		-		5,308,497
Operating income before depreciation	4,819,000		4,819,000	4,645,162		(5,000)		4,640,162
DEPRECIATION	-	(A)	-	-		3,696,664		3,696,664
Operating income (loss)	4,819,000		4,819,000	4,645,162		(3,701,664)		943,498
NON-OPERATING INCOME (EXPENSES)								
Interest income	16,400		16,400	2,587	(G)	32,620		35,207
Interest expense	-	(B)	-	-		(2,848,586)		(2,848,586)
Amortization	-	(A)	-	-		(134,781)		(134,781)
Total non-operating income (expenses)	16,400		16,400	2,587		(2,950,747)		(2,948,160)
Increase in net position before capital contributions	4,835,400		4,835,400	4,647,749		(6,652,411)		(2,004,662)
CAPITAL CONTRIBUTIONS	7,700	(H)	7,700	(168,480)		634,719	(A)	466,239
OTHER FINANCING SOURCES (USES)								
Renewal and replacement funds	260,000	(C)	260,000	240,037	(F)	(240,037)		-
Debt Service	(4,717,000)	(D)	(4,717,000)	(7,266,480)	(F)	7,266,480		-
Capital improvements	(391,300)	(E)	(391,300)	(4,092,406)	(F)	4,092,406		-
Total other financing sources (uses)	(4,848,300)		(4,848,300)	(11,118,849)		11,118,849		-
Increase in net assets	(5,200)		(5,200)	(6,639,580)		5,101,157		(1,538,423)
Net assets at beginning of year	58,380,880		58,380,880	58,380,880		-		58,380,880
Net assets at end of year	$ 58,375,680		$ 58,375,680	$ 51,741,300		$ 5,101,157		$ 56,842,457

Notes

(A) Non-cash items are not included for budgetary purposes.
(B) Interest expense is included in Debt Service for budgetary purposes.
(C) Tank maintenance fund transfers are also included for budgetary purposes.
(D) Includes principal, interest, and funding of debt service and reserve funds. Also includes other debt payments, renewal and replacement funding, tank maintenance funding and developer refunds.
(E) Amounts exclusive of improvements financed with bond proceeds which were not included for budgetary purposes.
(F) Balance sheet transactions are excluded from revenues and expenses under GAAP.
(G) Interest earned on debt service funds or other restricted assets are not included for budgetary purposes.
(H) Capacity improvements fees only.

See independent auditors' report.

SUPPLEMENTAL INFORMATION

Berkeley County Public Service District

SCHEDULE OF OPERATING EXPENSES

For the years ended June 30, 2014 and 2013

	2014	2013
Source of supply expenses		
Maintenance of sources of supply	$ 26,382	$ 29,514
Operation supervision and labor	11,237	10,356
Water purchased	302,859	289,030
Miscellaneous expenses	82,186	81,687
Rents	1,560	1,560
Total	424,224	412,147
Pumping system expenses		
Power purchased	474,426	426,774
Pumping supervision and labor	246,236	246,849
Maintenance of treatment system	56,388	13,163
Total	777,050	686,786
Treatment expenses		
Operation supervision and labor	216,414	213,127
Chemical treatment	238,544	199,769
Miscellaneous expenses	108,571	108,027
Maintenance of treatment system	62,075	46,817
Total	625,604	567,740
Transmission and distribution expenses		
Operation supervision and labor	680,640	672,701
Miscellaneous expenses	148,556	129,880
Maintenance of distribution mains	216,850	180,870
Rent - building and equipment	38,141	48,966
Rent - railroad right of way	5,325	4,025
Total	1,089,512	1,036,442
Customers' accounting and collection expenses		
Meter reading	18,670	47,498
Accounting and collection	419,953	419,813
Total	438,623	467,311
General and administrative expenses		
Salaries and wages	681,228	645,968
Office and general supplies	60,673	39,219
Outside services	54,177	113,901
Employee welfare	941,195	807,457
Regulatory commission expense	33,359	31,272
Insurance	227,210	217,069
Miscellaneous expenses	92,257	106,356
Maintenance of equipment	12,079	5,295
Payroll taxes	169,131	171,534
Total	2,271,309	2,138,071
Total operating expenses	$ 5,626,322	$ 5,308,497

See independent auditors' report.

DECKER & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTING

Warm Springs Business Center · 64 Warm Springs Avenue · Martinsburg, WV 25404

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 District

We have audited, in accordance with the 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, the financial statements of the business- type activities of Berkeley County Public Service District ("District") as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing and opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge in governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we preformed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Decker & Company PLLC

September 16, 2014

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

February ___, 2015

Berkeley County Public Service District
Martinsburg, West Virginia

Assured Guaranty Municipal Corp.
New York, New York

Re: Berkeley County Public Service District, West Virginia,
Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

Ladies and Gentlemen:

We have acted as bond counsel to Berkeley County Public Service District, West Virginia (the "Issuer") and in such capacity have examined a record of proceedings relating to the issuance by the Issuer of its $_____ aggregate principal amount of Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds").

The Series 2015 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 (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on January 12, 2015, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on January 12, 2015 (collectively, the "Bond Legislation"), and are subject to all the terms and conditions of the Bond Legislation. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Bond Legislation.

The Series 2015 B Bonds are issued in fully registered form, are dated their date of original issuance, February 26, 2015, mature on December 1 in the years and amounts, and bear interest payable each June 1 and December 1, commencing _____ 1, 20___ all as set forth in the Bond Legislation.

The Bond Legislation provides that the Series 2015 B Bonds are issued for the purpose, along with other funds of the Issuer available therefore, of (i) paying a portion of the cost of currently refunding the Issuer's 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"); (ii) purchasing a municipal bond debt service reserve insurance policy from Assured Guaranty Municipal Corp. sufficient to satisfy the Debt Service Reserve Requirement for the Series 2015 B Bonds; (iii) purchasing a municipal bond insurance policy from Assured Guaranty Municipal Corp. to secure the payment of the Series 2015 B Bonds; and (iv) paying costs of issuance and related costs of the Series 2015 B Bonds. In connection with the current refunding, the Issuer has entered into a Prepayment Agreement, dated as of _____, 2015 (the "Prepayment Agreement"), with the West Virginia Municipal Bond Commission, the Paying Agent.

The Series 2015 B Bonds have been sold to _____ (the "Original Purchaser"), pursuant to a competitive sale held February 17, 2015 by the Issuer with the assistance of Compass Municipal Advisor, LLC serving as Municipal Advisor to the Issuer.

As to questions of fact material to our opinion, we have relied upon representations and warranties of the Issuer, the Original Purchaser, the Municipal Advisor and other entities, the representations and warranties contained in the Bond Legislation; the Continuing Disclosure Agreement, dated _____, 2015 (the "Continuing Disclosure Agreement"), between the Issuer and United Bank, Inc.; the Tax Certificate and Agreement, dated the date hereof (the "Tax Certificate"), executed by the Issuer; and the certified proceedings and other certifications of certain officials of the Issuer, certifications of authorized representatives of the Original Purchaser and the Municipal Advisor and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants and representations of the Issuer and others set forth in the Bond Legislation, the Continuing Disclosure Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing public service district under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Bond Legislation, enter into the Prepayment Agreement, the Continuing Disclosure Agreement and Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2015 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 Bond Legislation, has authorized, executed and delivered the Prepayment Agreement, the Continuing Disclosure Agreement and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2015 B Bonds, and has issued and sold the Series 2015 B Bonds to the Original Purchaser. The Bond Legislation is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Prepayment Agreement, the Continuing Disclosure Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms. We have examined the executed and authenticated Series 2015 B Bonds of said issue, and, in our opinion, said Series 2015 B Bonds are in proper form and have been duly executed and authenticated.

4. The Series 2015 B Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from and secured by a first lien on the Net Revenues of the System, on a parity with the Issuer's: (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 and held by the West Virginia Water Development Authority (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 and held by the West Virginia Water Development Authority (the "Series 1993 D Bonds"); (iii) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 and held by the West Virginia Water Development Authority (the "Series 1996 Bonds"); (iv) 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"); (v) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (vi) Water Revenue Bonds, Series 2007 A (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 A Bonds"); (vii) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000 (the "Series 2008 Bonds"); (viii) Water Revenue Bonds, Series 2009 (Bank Qualified, dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (the "Series 2009 Bonds"); (ix) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012 issued in the aggregate principal amount of $7,425,000 (the "Series 2012 A Bonds"); (x) Water Revenue Bonds, Series 2012 B (Bank Qualified), dated December 20, 2012 issued in the aggregate principal amount of $7,800,000 (the "Series 2012 B Bonds"); (xi) Water

Refunding Revenue Bonds, Series 2013 A (Bank Qualified) dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000 (the "Series 2013 A Bonds"); (xii) Water Refunding Revenue Bonds, Series 2013 B (Taxable), issued in the aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds"), and (xiii) Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified), dated February 26, 2015 currently herewith, issued in the original aggregate principal amount of $9,575,000 (collectively, referred to herein as the "First Lien Bonds.")

There are also outstanding obligations of the Issuer which are subordinate to the Series 2015 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority (the "Series 1993 C Bonds" or the "Second Lien Bonds"). The First Lien Bonds and Second Lien Bonds are hereinafter collectively called the "Prior Bonds". The Series 2015 B Bonds are enforceable in accordance with their terms and the terms of the Bond Legislation, and are entitled to the benefits of the Bond Legislation and the Act.

5. The Series 2003 B Bonds have been paid within the meaning and with the effect expressed in the Bond Resolution, as supplemented, pursuant to which they were issued, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 2003 B Bonds have been satisfied and discharged.

6. 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 2015 B Bonds is excludable from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of calculating the alternative minimum tax on certain corporations (as defined for federal income tax purposes), such interest is taken into account as an adjustment to current earnings of such corporations.

Ownership of tax-exempt obligations, including the Series 2015 B Bonds, may result in collateral federal income tax consequences to certain taxpayers. We offer no opinion as to such collateral tax consequences or any other federal tax consequences arising with respect to the Series 2015 B Bonds. Prospective purchasers of the Series 2015 B Bonds should consult their own tax advisors as to such consequences.

The Issuer has designated the Series 2015 B Bonds as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code and covenanted that not more than $10,000,000 aggregate principal amount of obligations, including the Series 2015 B Bonds, the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2015, all as determined in accordance with the Code.

The opinions set forth in the above paragraph 6 are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, and regulations there under (collectively, the "Code") that must be satisfied for interest on the Series 2015 B Bonds to be or continue to be excludable from gross income for federal income tax purposes, and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2015 B Bonds set forth in the Bond Legislation, the Prepayment Agreement, the Tax Certificate and the certifications of the Issuer and others (collectively, the "Tax Covenants"). Failure to comply with the Tax Covenants could cause the interest on the Series 2015 B Bonds to be included in gross income retroactively to the date of issuance of the Series 2015 B Bonds.

7. Under the Act, the Series 2015 B Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

8. The Series 2015 B Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2015 B Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2015 B Bonds and the enforceability of the Series 2015 B Bonds, the Bond Legislation, the Prepayment Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by 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 do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the Official Statement prepared and used in connection with the offering and sale of the Series 2015 B Bonds.

The opinions expressed in this letter are based upon the law in effect on the date hereof, and may be affected by actions taken or omitted or events occurring after the date hereof, including subsequent interpretations of the applicable law by competent judicial, regulatory and administrative authorities that modify, revoke, supplement, reverse, overrule or otherwise change applicable law and current interpretations thereof. We assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

This opinion is intended solely for the benefit of the addressee and may not be relied upon by any other person or entity without, in each such case, our express written consent.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") is made between United Bank, Inc., as dissemination agent (the "Dissemination Agent") and the Berkeley County Public Service District, West Virginia (the "Issuer"). By the terms of a resolution enacted by the Issuer on January 12, 2015, as supplemented by a Supplemental Resolution adopted by the Issuer on January 12, 2015 (collectively, the "Resolution"), the Issuer authorized the issuance of its $505,000 Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds"). The Series 2015 B Bonds were sold on February ___, 2015 to _____ (the "Participating Underwriter"). The parties agree as follows:

SECTION 1. Purpose of Agreement. This Agreement is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with SEC Rule 15c2-l2.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means, collectively, the Financial Information and Operating Data as herein defined.

"Audited Financial Statements" means the annual financial statements with respect to the System, whether included in the annual financial statements of the Issuer or prepared solely with respect to the System, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants or the Office of the Auditor of the State of West Virginia.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the then current Executive Director of the Issuer.

"Dissemination Agent" shall initially mean United Bank, Inc., or any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access System described in the 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Financial Information" means the Audited Financial Statements for the most recent fiscal year if available on the Due Date, and, if not then available, unaudited financial statements of the System for the most recent fiscal year, with the Audited Financial Statements for such fiscal year to be provided when available.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C. the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2009.

"Operating Data" shall mean the information regarding the System for the most recent fiscal year, as well as the four (4) immediately prior fiscal years, as reflected in the "Form of Filing of Operating Data" attached hereto as Exhibit B. The Issuer may amend and/or modify the Form of Filing of Operating Data one or more times prior to the maturity of the Bonds if such amendment or modification, in the reasonable opinion of the Issuer, at its sole discretion, provides either more information, or additional clarity with respect to information being provided, regarding the System.

"Participating Underwriter" shall mean the original underwriter of the Bonds who is required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and the State Repository, if any.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"System" shall mean the water treatment and distribution system of the Issuer as of the date of this Agreement, and all future additions, extensions and betterments thereto.

SECTION 3. Provision of Annual Financial Information.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the last day of the fiscal year (presently June 30) immediately following the end of the Issuer's fiscal year (presently June 30) for which disclosure is due (the "Due Date"), commencing with the Fiscal Year ending June 30, 2015, provide to EMMA the Annual Financial Information which is consistent with the requirements of this Agreement. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Agreement. The Issuer shall provide the Dissemination Agent with a copy of the Annual Financial Information to be filed under this Agreement. If the Issuer's fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Dissemination Agent shall send written notice to the Issuer sixty (60) days prior to the Due Date of the Annual Financial Information that such information is due by the Due Date. Such notice from the Dissemination Agent shall include notification to the Issuer of any prior fiscal years for which Annual Financial Information is due.

(b) Not later than thirty (30) Business Days prior to the Due Date, the Issuer shall provide the Annual Financial Information to the Dissemination Agent. If by the Due Date the Dissemination Agent has not received all, or any portion of, the Annual Financial Information, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to EMMA all, or any portion of, the Annual Financial Information by the date required in subsection (a), the Dissemination Agent shall (i) file with EMMA any portion of the Annual Financial Information which the Issuer has provided, and (ii) send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information has been provided to EMMA pursuant to this Agreement and the date provided.

SECTION 4. Content of Annual Financial Information. The Annual Financial Information shall include the Financial Information and the Operating Data, as defined in this Agreement.

Any or all of the items comprising the Annual Financial Information may be included by specific reference to other documents, including official statements of debt issues of the Issuer secured by the revenues of the System, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers or their failure to perform;

6. Adverse tax opinions, 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 Security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership, or similar event of the Issuer[1];

13. The consummation of a merger, consolidation or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the Issuer determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Issuer received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Issuer shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with

[1] For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

EMMA with a copy to the Issuer. The Dissemination Agent will exercise its best efforts to file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. United Bank, Inc., Charleston, West Virginia, is hereby appointed as Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Issuer and the Dissemination Agent may amend this Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Issuer) and any provision of this Agreement may be waived (and the Dissemination Agent shall agree to any waiver so requested by the Issuer), if such amendment or waiver is supported by an opinion of nationally recognized counsel expert in federal securities laws acceptable to the Issuer and the Dissemination Agent to the effect that such amendment or waiver should not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in, or official interpretation of, the Rule.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Financial Information or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer or Dissemination Agent to comply with any provision of this Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Dissemination Agent to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the Issuer or Dissemination Agent to comply with this Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and the Issuer agrees to the extent allowed by State law to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against

any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the District:	Berkeley County Public Service District 251 Caperton Boulevard Martinsburg, WV 25403 Attention: Executive Director
To the Dissemination Agent:	United Bank, Inc. 500 Virginia Street, East Charleston, WV 25301 Attention: Corporate Trust Department

SECTION 13. Beneficiaries. This Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Agreement and to rely upon an opinion of counsel.

[The remainder of this page intentionally left blank.]

IN WITNESS THEREOF, the Issuer and the Dissemination Agent have caused this Agreement to be executed by their respective duly authorized representatives this _____ day of _____, 2015.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Authorized Representative

UNITED BANK, INC., as Dissemination Agent

By: _____

Its: _____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE
ANNUAL FINANCIAL INFORMATION

Name of Issuer: Berkeley County Public Service District (West Virginia)

Name of Issue: $505,000 Water Revenue Refunding Bonds, Series 2015 B
(Bank Qualified)

Date of Issuance: _____, 2015

Notice is hereby given that the Issuer has not provided all [or a portion of] the Annual Financial Information with respect to the above-named Bonds as required by the Continuing Disclosure Agreement executed in connection with the above-referenced bond issue. [The portion of the Annual Financial Information which the District has not provided is _____.] The District anticipates that the Annual Financial Information, [or remaining Annual Financial Information,] will be filed by _____.

Dated this _____.

UNITED BANK, INC., as Dissemination Agent

EXHIBIT B

FORM OF FILING OF OPERATING DATA

Name of Issuer: Berkeley County Public Service District (West Virginia)

Name of Issue: $505,000 Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

Date of Issue: _____, 2015

Operating Data
For Fiscal Year Ended: June 30, 2014

In compliance with the requirements of the Continuing Disclosure Agreement executed by the Berkeley County Public Service District (West Virginia) in conjunction with the above-referenced bonds, the following Operating Data with respect to the System is provided for the above-stated fiscal year and, where noted, for the four (4) immediately preceding fiscal years.

SYSTEM OPERATING DATA

Debt Service Coverage

The Audited Financial Statements for the fiscal year ended June 30, 2014 with respect to the System which have been, or will be, filed as part of the Annual Financial Information include a calculation of debt service coverage, which is incorporated herein by reference.

WATER SYSTEM OPERATING DATA

Water Usage

Gallons Sold by Source (000 omitted)

Year Ended June 30	Residential	Commercial	Public Authorities	Industrial	Total
2014	901,989	287,636	24,216	130,143	1,343,984
2013	873,051	280,108	23,052	140,560	1,316,771
2012	888,919	291,817	22,818	145,703	1,349,257
2011	906,580	286,708	25,651	151,093	1,370,032
2010	876,444	283,412	22,119	138,136	1,320,111

Water Revenues by Source

Year Ended June 30	Residential	Commercial	Industrial	Public Authorities	Fire Protection	Total
2014	7,680,392	1,802,091	608,609	159,020	159,198	10,409,310
2013	6,835,390	1,625,262	613,455	141,395	155,150	9,370,652
2012	6,753,061	1,632,728	622,693	131,278	143,381	9,283,141
2011	6,989,577	1,639,866	659,048	147,968	137,387	9,573,846
2010	6,721,688	1,606,149	601,365	134,159	135,176	9,198,537

Customer History

Customer County by Type

Year Ended June 30	Residential	Commercial	Industrial	Public Authorities	Fire Protection	Total
2014	20,042	959	23	47	176	21,071
2013	19,400	938	23	43	162	20,566
2012	19,079	920	23	44	159	20,225
2011	18,822	917	23	43	149	19,961
2010	18,822	917	23	42	142	19,946

Major Users

Customer Name	Gallons	Percentage
Quad Graphics	69,059,800	5.12%
Ecolab	33,376,700	2.48%
IRS Facilities	26,897,400	1.99%
West Virginia Regional Jail	25,301,700	1.88%
WV Air National Guard	13,068,000	0.97%
Guardian Fiberglass	8,773,000	0.65%
World Color Martinsburg	5,710,000	0.42%
Whispering Woods LLC	5,405,300	14.67%
Cottages of Martinsburg	5,187,300	0.38%
Fasloc, Inc.	4,998,000	0.40%
Totals:	197,777,200	14.67%

APPENDIX E

FORM OF BOND AUTHORIZING RESOLUTION

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE REFUNDING OF THE SERIES 2003 B BONDS AND THE FINANCING OF THE COSTS THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF WATER REFUNDING REVENUE BONDS, SERIES 2015 B (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $700,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, 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 and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds, notes or refunding bonds, of which there are presently outstanding the Prior Bonds and the Series 2003 B Bonds, as hereinafter defined;

WHEREAS, all of the Prior Bonds and Series 2003 B Bonds, as hereinafter defined, were issued pursuant to resolutions of the Issuer previously enacted (such resolutions, as so amended and supplemented, collectively herein called the "Prior Resolutions");

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 (now the Berkeley County Council) dated June 28, 2001, the PSC and The County Commission of Berkeley County 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 refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding debt obligations secured by any revenues of the System, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that present value debt service savings would result from the Issuer's current refunding of its outstanding 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");

WHEREAS, the Issuer has determined that it is in the best interests of the customers of Berkeley County Public Service District and other users of the System to currently refund its outstanding Series 2003 B Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 2003 B Bonds should be financed with the proceeds from the issuance of the Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in the original aggregate principal amount of not more than $700,000 (the "Series 2015 B Bonds"), such Series 2015 B Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System;

WHEREAS, upon refunding of the Series 2003 B Bonds, there are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon, which will rank on a parity with the Series 2015 B Bonds as to liens, pledge and source of and security for payment being the Issuer's:

(1) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 and held by the West Virginia Water Development Authority (the "Series 1993 B Bonds");

(2) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 and held by the West Virginia Water Development Authority (the "Series 1993 D Bonds");

(3) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 and held by the West Virginia Water Development Authority (the "Series 1996 Bonds");

(4) 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");

(5) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds");

(6) Water Revenue Bonds, Series 2007 A (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 A Bonds");

(7) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000 (the "Series 2008 Bonds") ;

(8) Water Revenue Bonds, Series 2009 (Bank Qualified, dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (the "Series 2009 Bonds");

(9) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012 issued in the aggregate principal amount of $7,425,000 (the "Series 2012 A Bonds");

(10) Water Revenue Bonds, Series 2012 B (Bank Qualified), dated December 20, 2012 issued in the aggregate principal amount of $7,800,000 (the "Series 2012 B Bonds");

(11) Water Refunding Revenue Bonds, Series 2013 A (Bank Qualified), dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000 (the "Series 2013 A Bonds");

(12) Water Refunding Revenue Bonds, Series 2013 B (Taxable), dated December 30, 2013, issued in the original aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds"); and

(13) Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified), dated _____, 2015, issued in the original aggregate principal amount of $_____ (the "Series 2015 A Bonds");

and there are outstanding obligations of the Issuer which are subordinate to the Series 2015 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's:

(1) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority (the "Series 1993 C Bonds").

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 2001 A Bonds, the Series 2003 C Bonds, the Series 2007 A Bonds, the Series 2008 Bonds, the Series 2009 Bonds, Series 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds, the Series 2013 B Bonds and the Series 2015 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 First Lien Bonds and Second Lien Bonds are collectively referred to as the "Prior Bonds"; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of Berkeley County that its Series 2015 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 2015 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 2015 B Bonds, the First Lien Bonds and the Second Lien Bonds, and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2015 B Bonds in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 B BondS, 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 2015 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.

"Costs" or similar terms mean those costs described in Section 1.03 hereof.

"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 2015 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.

"First Lien Bonds" means the Issuer's Series 1993 B Bonds, Series 1993 D Bonds, Series 1996 Bonds, Series 2001 A Bonds, Series 2003 C Bonds, Series 2007 A Bonds, Series 2008 Bonds, Series 2009 Bonds, Series 2012 A Bonds, Series 2012 B Bonds, Series 2013 A Bonds, Series 2013 B Bonds and Series 2015 A Bonds.

"First Lien State Bonds" means the Issuer's Series 1993 B Bonds, Series 1993 D Bonds, Series 1996 Bonds, Series 2001 A Bonds, and Series 2003 C Bonds.

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

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

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

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

"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 2015 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2015 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 2015 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 2015 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2015 B Bonds.

"Operating Expenses" unless qualified, means the accrual basis expenses of repair, operation and maintenance 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 of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, 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.

"Original Purchaser" means such person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2015 B Bonds directly from the Issuer, as determined by the Supplemental Resolution, as hereinafter defined; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2015 B Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as determined by said Supplemental Resolution.

"Outstanding," when used with reference to the Series 2015 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 means the Bond Commission and any other paying agent or other entity designated as such for the Series 2015 B Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"Prior Bonds" means collectively, the First Lien Bonds and the Second Lien Bonds.

"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.

"PSC" means the Public Service Commission of West Virginia.

"Purchase Price," for the purpose of computation of the Yield of the Series 2015 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 2015 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 2015 B Bonds of each maturity is sold or, if the Series 2015 B Bonds are privately placed, the price paid by the first buyer of the Series 2015 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 2015 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 2015 B Bonds.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or

increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 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 Financial Services LLC.

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

"Record Date" means the day of the month which shall be so stated in the Series 2015 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 2015 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, collectively, the respective Reserve Accounts established for the Series 2015 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.

"Second Lien Bonds" means the Issuer's Series 1993 C Bonds.

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

"Series 1993 B Bonds" means the Issuer's Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 and held by the West Virginia Water Development Authority.

"Series 1993 C Bonds" means the Issuer's Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority.

"Series 1993 D Bonds" means the Issuer's Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 and held by the West Virginia Water Development Authority.

"Series 1996 Bonds" means the Issuer's Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 and held by the West Virginia Water Development Authority.

"Series 2001 A Bonds" means the Issuer's 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.

"Series 2003 B Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000.

"Series 2003 B Bonds Resolution" means the Resolutions authorizing the Series 2003 B Bonds.

"Series 2003 C Bonds" means the Issuer's Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000.

"Series 2007 A Bonds" means the Issuer's Water Revenue Bonds, Series 2007 A (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000.

"Series 2008 Bonds" means the Issuer's Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000.

"Series 2009 Bonds" means the Issuer's Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000.

"Series 2012 A Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012, issued in the aggregate principal amount of $7,425,000.

"Series 2012 B Bonds" means the Issuer's Water Revenue Bonds, Series 2012 B (Bank Qualified) dated December 20, 2012, issued in the aggregate principal amount of $7,800,000.

"Series 2013 A Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2013 A (Bank Qualified) dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000.

"Series 2013 B Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2013 B (Taxable) dated December 30, 2013, issued in the original aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds").

"Series 2015 A Bonds" means the Water Refunding Revenue Bonds (Bank Qualified) to be issued to refund the Issuer's Series 2006 Bonds.

"Series 2015 B Bonds Cost of Issuance Fund" means the Series 2015 B Bonds Cost of Issuance Fund created by Section 4.02 hereof.

"Series 2015 B Bonds Redemption Account" means the Series 2015 B Bonds Redemption Account created by Section 4.02 hereof.

"Series 2015 B Bonds" means the Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2015 B Bonds Reserve Account" means the Series 2015 B Bonds Reserve Account created by Section 4.02 hereof.

"Series 2015 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 2015 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2015 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2015 B Bonds.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2015 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 2015 B Bonds and authorizing the sale of the Series 2015 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 service district, public corporation and political subdivision of the State of West Virginia in Berkeley County of said State.

B. The Issuer presently owns and operates a public waterworks treatment and distribution system which it has financed or refinanced, in part, pursuant to the issuance of the Prior Bonds and the Series 2003 B Bonds.

C. It is deemed necessary for the Issuer to issue its Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in one or more series, in the total aggregate principal amount of not more than $700,000 to pay all or a portion of the outstanding principal of, and interest on, the Series 2003 B Bonds. The proceeds of the Series 2015 B Bonds may also be applied to funding the Series 2015 B Bonds Reserve Account and the payment of underwriter's discount; financial advisor expenses; legal expenses; expenses for estimates of costs and revenues; 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 2015 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; 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 2015 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall also be permitted.

D. It is in the best interests of the Issuer that the Series 2015 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.

E. The Series 2015 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. Prior to the issuance of the Series 2015 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; (ii) the written consent of the Holders of the First Lien State Bonds to the issuance of the Series 2015 B Bonds on a parity with the First Lien State Bonds; and (iii) the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2015 B Bonds senior and prior to the Second Lien Bonds. The Series 2007 A Bonds, Series 2009 Bonds, Series 2012 A Bonds, Series 2012 B Bonds, Series 2013 A Bonds, Series 2013 B Bonds and Series 2015 A Bonds do not require written consent. Upon payment in full of the Series 2003 B 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.

F. The Series 2015 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 – FORM OF SERIES 2015 B BONDS 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.

G. All things necessary to make the Series 2015 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 2015 B Bonds, will be timely done and duly performed.

H. The adoption of this Resolution, and the execution and issuance of the Series 2015 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.

I. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System, the issuance of the Series 2015 B Bonds and the refunding of the Series 2003 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 2015 B Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2015 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 2015 B Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 2003 B Bonds Outstanding as of the date of issuance of the Series 2015 B Bonds, and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Registered Owners of the Series 2003 B Bonds imposed by the Series 2003 B Resolution authorizing the issuance of the Series 2003 B Bonds, the monies in the funds and accounts created by the Series 2003 B Resolution pledged to payment of the Series 2003 B Bonds, and any other funds pledged by the Series 2003 B Resolution to payment of the Series 2003 B Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 2003 B Bonds. Contemporaneously with the payment in full of the Series 2003 B Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2003 B Bonds, shall be released from the lien created by the Series 2003 B Resolution authorizing the issuance of the Series 2003 B Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2015 B Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Series 2015 B Bonds issued pursuant to this Resolution may be issued only as fully registered Series 2015 B 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 2015 B Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2015 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 2015 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 2015 B Bonds shall be in default, Series 2015 B Bonds issued in exchange for Series 2015 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 2015 B Bonds surrendered.

The principal of and the premium, if any, on the Series 2015 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 2015 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 2015 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 2015 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 Series 2015 B Bond in the principal amount of said Series 2015 B Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2015 B Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signatures, 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 2015 B Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2015 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 Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2015 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 Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2015 B BONDS attached hereto and incorporated herein by reference with respect to such respective Series 2015 B Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2015 B Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Series 2015 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 2015 B Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2015 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 2015 B Bonds, shall be conclusively deemed to have agreed that such Series 2015 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 2015 B Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2015 B Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2015 B Bonds. Series 2015 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 2015 B Bond, there shall be issued at the option of the Holder or the transferee another Series 2015 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 2015 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 2015 B Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Series 2015 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 2015 B Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2015 B Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2015 B Bonds, the initial exchange of Series 2015 B Bonds and exchanges of Series 2015 B Bonds in the event of partial redemption of fully registered Series 2015 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 2015 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 2015 B Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2015 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 2015 B Bond of like series, maturity and principal amount as the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 B Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2015 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 2015 B Bonds be at any time found by any one, and such duplicate Series 2015 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 2015 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 2015 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 2015 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 2015 B Bonds Sinking Fund, as will exhaust as nearly as practicable such Series 2015 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 2015 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 Original Purchaser and the registered owner of the Series 2015 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 2015 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 2015 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 2015 B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2015 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 2015 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 2015 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 2015 B Bonds.

If funds sufficient to redeem all Series 2015 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 2015 B Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2015 B Bonds or portions of Series 2015 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 2015 B Bonds or portions of Series 2015 B Bonds shall cease to bear interest. Upon surrender of such Series 2015 B Bonds for redemption in accordance with said notice, such Series 2015 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 2015 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 2015 B Bond. All Series 2015 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 2015 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 2015 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 2015 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 all or a portion of the outstanding principal of, and interest on, the Series 2003 B Bonds, funding the Series 2015 B Bonds Reserve Account, and paying costs of issuance in connection therewith, there shall be issued the Series 2015 B Bonds of the Issuer, in an aggregate principal amount of not more than $700,000. The Series 2015 B Bonds shall be designated "Water Refunding Revenue Bonds, Series 2015 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 2015 B Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2015 B Bonds shall be numbered from BR-1 consecutively upward. The Series 2015 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 2015 B Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2015 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 2015 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 2015 B Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2015 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 2015 B Bond, or any other evidence of ownership of the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 B Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2015 B Bonds so redeemed, but DTC may return such Series 2015 B Bonds and make an appropriate notation on the Series 2015 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 2015 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 2015 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 2015 B Bonds, selecting the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 B Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2015 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 2015 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 2015 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 2015 B Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 2015 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2015 B Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2015 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 2015 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 2015 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 2015 B Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 B Bonds 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 2015 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2015 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 2015 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

(1). All interest accrued on the Series 2015 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2015 B Bonds Sinking Fund and applied to payment of interest on the Series 2015 B Bonds at the first interest payment date.

(2). An amount of the proceeds of the Series 2015 B Bonds equal to the Series 2015 B Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2015 B Bonds Reserve Account, provided that, to the extent the Series 2015 B Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility and proceeds of the Series 2015 B Bonds shall be used to purchase said reserve account letter of credit, surety bond or other credit facility and proceeds of the Series 2015 B Bonds shall be deposited in the Series 2015 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2015 B Bonds Reserve Requirement.

(3). An amount of the proceeds of the Series 2015 B Bonds which shall, be sufficient to pay the outstanding principal of, and interest on, the Series 2003 B Bonds, shall be deposited into the Sinking Fund for the Series 2003 B Bonds held by the Bond Commission.

(4). An amount of Series 2015 B Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the

Series 2015 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 2015 B Bonds at the written direction of the Issuer. 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 120 days following the Closing Date for the Series 2015 B Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2015 B Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2015 B Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2015 B Bonds from which such proceeds are derived.

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 and hereby continued);

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

(3) Series 2015 B Bonds Costs of Issuance Fund; and

(4) 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 1993 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(2) Series 1993 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(3) Series 1993 C Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(4) Series 1993 C Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(5) Series 1993 D Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(6) Series 1993 D Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(7) Series 1996 Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(8) Series 1996 Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(9) Series 2001 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(10) Series 2001 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(11) Series 2003 C Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(12) Series 2003 C Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(13) Series 2007 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(14) Series 2007 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(15) Series 2008 Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(16) Series 2008 Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(17) Series 2009 Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(18) Series 2009 Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(19) Series 2012 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(20) Series 2012 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(21) Series 2012 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(22) Series 2012 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(23) Series 2013 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(24) Series 2013 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(25) Series 2013 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(26) Series 2013 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(27) Series 2015 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(28) Series 2015 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(29) Series 2015 B Bonds Sinking Fund; and

(30) Series 2015 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) 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 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2015 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 2015 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 2015 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2015 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2015 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2015 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) 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 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, and in the Series 2015 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 2015 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 2015 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 2015 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 be deposited in the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2015 B Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2015 B Bonds Reserve Account below the Series 2015 B Bonds Reserve Requirement or any withdrawal from the Series 2015 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2015 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 2015 B Bonds Reserve Account is less than the Series 2015 B Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2015 B Bonds Reserve Account for deposit into the Series 2015 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 2015 B Bonds Reserve Account to an amount equal to the Series 2015 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 2015 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2015 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 2.5% 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 the Second Lien Bonds the amount required under the Prior Resolutions.

Monies in the Series 2015 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2015 B Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the Series 2015 B Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2015 B Bonds when due, when amounts in the Series 2015 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 2015 B Bonds Sinking Fund or the Series 2015 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series 2015 B Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2015 B Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2015 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 2015 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 2015 B Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2015 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 2015 B Bonds, senior and prior to the principal, interest, if any, 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 2015 B Bonds Sinking Fund and Series 2015 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 2015 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 2015 B Bonds Reserve Account to the Series 2015 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 2015 B Bonds Reserve Account an amount at least equal to the Series 2015 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 2015 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 2015 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 2015 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 6C 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 2015 B Bonds in such manner and to such extent as may be necessary, so that the Series 2015 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 2015 B Bonds) so that the interest on the Series 2015 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 2015 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2015 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 2015 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 2015 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 2015 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 2015 B Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2015 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 2015 B Bonds Sinking Fund and all accounts therein, or the unexpended proceeds of the Series 2015 B Bonds, all as herein provided. No Holder or Holders of the Series 2015 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 2015 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 2015 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 2015 B Bonds herein authorized, and to make the payments into the Series 2015 B Bonds Sinking Fund, the Series 2015 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 2015 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 or continued 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 2015 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 2015 B Bonds, including the Prior 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.

In the computation provided in the above paragraph, "revenues of the System" shall include increased Net Revenues estimated to be derived from any improvements under construction, and any change in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia (without successful appeal), whether or not such approved rates are being charged and collected by the Issuer.

The Issuer shall require that each annual audit contain a statement of the auditor that the Issuer either is or is not in compliance with the rate covenant contained in this Section 6.04. In the event that any audit contains a statement that the Issuer is not in compliance with the rate covenant contained in this Section 6.04, the Issuer hereby covenants that it shall, within ninety (90) days of receiving the audit

report, file a request with the Public Service Commission of West Virginia for a rate increase sufficient to comply with the above-mentioned rate requirement.

Section 6.05. Operation and Maintenance. The Issuer will 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 has or will obtain all permits required by state and federal laws for the operation of the System and all orders and approvals from the Public Service Commission of West Virginia necessary for the issuance of the Series 2015 B Bonds 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 or encumber the System except as provided in the Prior Resolutions. Additionally, so long as the Series 2015 B Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, or to defease the pledge created by this Resolution and the Prior Resolutions. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the respective Sinking Funds, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $500,000, the Issuer may provide for the sale of such property. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $500,000 but not in excess of $5,000,000 the Issuer, by resolution duly adopted, shall determine that the property is no longer necessary, useful or profitable in the operation of the System and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition off such property which are less than $500,000 may be deposited in the Revenue Fund or the Renewal and Replacement Fund, at the sole discretion of the Issuer. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $500,000 and not in excess of $5,000,000, shall be deposited by the Issuer into Sinking Funds for the Bonds or the Renewal and Replacement Fund, at the sole discretion of the Issuer. Such payment of such proceeds into the Sinking Funds for the Bonds 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, shall be in excess of $5,000,000 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% of the par 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 2015 B Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2015 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 2015 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 2015 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 2015 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 Ordinances shall be applicable.

No such Additional Parity Bonds (as hereinafter defined) shall be issued except for the purposes of financing the costs of the design, acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds or Additional Parity Bonds, or to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 2015 B Bonds are Outstanding, no such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion 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 such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 2 Fiscal Years immediately following the Fiscal Year in which such Additional Parity Bonds are issued, if any, shall not be less than 120% of the Maximum Annual Debt Service on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues" as that term is used in the computation provided in the above paragraph, shall include increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds, if any, and any change in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia (without successful appeal), prior to the date of delivery of such Additional Parity Bonds, whether or not such approved rates are being charged and collected by the Issuer.

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Net Revenues of the System on a parity with the Bonds. All covenants and other provisions of this Resolution (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Additional Parity Bonds theretofore or 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 Additional Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Resolution.

Additional Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the 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 the lien on and source of and security for payment from such revenues, with the Bonds.

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

Provided, however, that if the audit by an Independent Certified Public Accountant for the Issuer for the Fiscal Year immediately preceeding the proposed issuance of Additional Parity Bonds states that the Issuer was not in compliance with the rate covenant in Section 6.04 of this Resolution for the year being audited and the Issuer has, as required by Section 6.04, enacted a rate ordinance seeking a rate increase sufficient to comply with Section 6.04, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of this Resolutions, so as to prevent the Issuer from issuing Additional Parity Bonds under this Section 6.08.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2015 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. 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. WORKERS' COMPENSATION COVERAGE for all employees of or for the System eligible therefore.

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.

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 2015 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 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.

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.

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 2015 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 2015 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 2015 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 2015 B Bonds during the term thereof is, under the terms of the Series 2015 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 2015 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 2015 B Bonds during the term thereof is, under the terms of the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 B Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18. Designation of Series 2015 B Bonds as Qualified Tax-Exempt Obligations. The Issuer hereby designates the Series 2015 B Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph (3) of Section 265(b) of the Code and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2015, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefitting thereby shall be treated as one issuer.

Section 6.19. Continuing Disclosures. In order to provide the written undertaking for the benefit of the owners of the Series 2015 B Bonds required by the Securities and Exchange Commission Rule 15c2-12, the Issuer shall enter into a Continuing Disclosure Agreement in such form as may be approved by the Supplemental Resolution, and the Chairman is authorized and directed to execute and deliver such Continuing Disclosure Agreement on behalf of the Issuer, with such changes as the Chairman shall approve, such approval to be conclusively evidenced by the execution of such Agreement by the Chairman.

Section 6.20. Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2015 B Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Chairman is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2015 B Bonds and as the Chairman may approve (the "Official Statement"). The execution of the Official Statement by the Chairman shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Original Purchaser for distribution.

Section 6.21. Bond Insurance Policy. The Issuer may apply for a bond insurance policy for the Series 2015 B Bonds. In the event a bond insurance policy is obtained, additional covenants and provisions of the Issuer may be required by the bond insurer as a condition to insuring the Series 2015 B Bonds. These additional covenants and provisions shall be set forth in a Supplemental Resolution, shall apply to the Series 2015 B Bonds, and shall be controlling in the event any other provisions of this Resolution may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2015 B Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2015 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 2015 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 2015 B Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2015 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 2015 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 2015 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall 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 2015 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 2015 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. So long as required by the Act, 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 2015 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 2015 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 2015 B Bonds from gross income for federal income tax purposes.

The Series 2015 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 2015 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 2015 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 2015 B Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2015 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 2015 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 2015 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. This Resolution and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2015 B Bonds. Otherwise, no materially adverse amendment or modification to this Resolution, or any Supplemental Resolution, may be made without the written consent of the Registered Owners of at least 51% in aggregate principal amount of the Series 2015 B Bonds then Outstanding and affected thereby, which must be filed with the

Secretary of the Issuer before any such modification or amendment may be made. Not withstanding the foregoing provision, 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 2015 B Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2015 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
251 Caperton Boulevard
Martinsburg, West Virginia 25403
Attention: Chairman

REGISTRAR

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

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25301
Attention: Executive Director

DEPOSITORY BANK

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

ORIGINAL PURCHASER

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

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

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

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

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

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2015 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 2015 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.

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

Adopted this 12th day of January, 2015.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

_____

Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Berkeley County Public Service District on the 12th day of January, 2015.

[SEAL]

_____

Secretary

EXHIBIT A – FORM OF SERIES 2015 B BondS

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 REFUNDING REVENUE BOND, SERIES 2015 B (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20___ (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 Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date

(each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 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 $_____ designated "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2015, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the outstanding principal amount of the Series 2003 B Bonds; (ii) to the Series 2015 B Bonds Reserve Account (as hereinafter defined); and (iii) to pay certain costs of issuance of the Series 2015 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 January 12, 2015, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on ___, 2015 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(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 D, DATED JULY 29, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $10,257,957 (THE "SERIES 1993 D BONDS");

(III) WATER REVENUE BONDS, SERIES 1996, DATED AUGUST 6, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $677,158 (THE "SERIES 1996 BONDS");

(IV) 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");

(V) WATER REVENUE BONDS, SERIES 2003 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MAY 15, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,430,000 (THE "SERIES 2003 C BONDS");

(VI) WATER REVENUE BONDS, SERIES 2007 A (BANK QUALIFIED), DATED DECEMBER 21, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,300,000 (THE "SERIES 2007 A BONDS");

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

(VIII) WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED), DATED FEBRUARY 17, 2009, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,510,000 (THE "SERIES 2009 BONDS");

(IX) WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), DATED DECEMBER 19, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,425,000 (THE "SERIES 2012 A BONDS");

(X) WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), DATED DECEMBER 20, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,800,000 (THE "SERIES 2012 B BONDS");

(XI) WATER REFUNDING REVENUE BONDS, SERIES 2013 A (BANK QUALIFIED), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,900,000 (THE "SERIES 2013 A BONDS");

(XII) WATER REFUNDING REVENUE BONDS, SERIES 2013 B (TAXABLE), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,875,000 (THE "SERIES 2013 B BONDS"); AND

(XII) WATER REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), DATED _____, 2015 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2015 A BONDS");

AND SENIOR AND PRIOR TO THE ISSUER'S:

(I) 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" OR THE "SECOND LIEN BONDS");

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 2001 A Bonds, the Series 2003 C Bonds, the Series 2007 A Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2012 A Bonds, The Series 2012 B Bonds, the Series 2013 A Bonds, Series 2013 B Bonds and Series 2015 A Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called 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 are subject to optional redemption prior to maturity as follows:

(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 Registrar on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. A copy of such notice of redemption shall also be mailed to the Paying Agent. 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 2015 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 2015 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 thereon shall be applied solely to pay the Series 2003 B Bonds, fund a reserve account for the Series 2015 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.

The Issuer has designated the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code

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

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE 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: _____, 2015.

_____,
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 REFUNDING REVENUE BONDS, SERIES 2015 B (BANK QUALIFIED)

BOND RESOLUTION

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APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

SPECIMEN

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

SPECIMEN

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from sources that the District believes to be reliable, but the District does not take any responsibility for the accuracy thereof.

The Depository Trust Company

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds 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 Bonds certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 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.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will

not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Bonds in connection withan optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender/Remarketing Agent's DTC account.

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

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

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEW ISSUE **RATING: (SEE "RATINGS" HEREIN)**

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest (including any original issue discount properly allocable to owners of the Series 2015 B Bonds) on the Series 2015 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, (ii) is not a specific item of tax preference, under Section 57(a)5 of the Code, in computing the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account as an adjustment to current earnings for purposes of alternative minimum tax on certain corporations, and (iii) under the laws of the State of West Virginia, the Series 2015 B Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State. See the Section entitled "TAX MATTERS" herein for additional information.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

$525,000
Water Refunding Revenue Bonds
Series 2015 B (Bank Qualified)

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

The above captioned Series 2015 B Bonds (the "Series 2015 B Bonds" or, the "Bonds") are issuable only as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. All of the Bonds initially will be maintained under a book-entry system under which The Depository Trust Company, New York, New York ("DTC"), will act as securities depository. Purchases of the Bonds will be in book-entry form only. Semiannual interest on the Bonds is payable beginning June 1, 2015, and each December 1 and June 1 thereafter. So long as the Bonds are maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Bonds will be made when due by the Municipal Bond Commission of West Virginia, Charleston, West Virginia, as Paying Agent (the "Paying Agent"), to DTC in accordance with the Resolution (hereinafter defined), and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Bonds. See "THE BONDS" and "BOOK-ENTRY ONLY SYSTEM."

The Series 2015 B Bonds are being issued by Berkeley County Public Service District (the "District"), together with other funds available therefor, to: (i) pay the costs necessary to refund all outstanding maturities of the District's outstanding 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" or the "Bonds to be Refunded") on March 20, 2015; (ii) purchase a municipal bond debt service reserve insurance policy from Assured Guaranty Municipal Corp. (the "Surety Bond") in an amount equal to the Debt Service Reserve Requirement; (iii) purchase a municipal bond insurance policy from Assured Guaranty Municipal Corp. to secure the payment of the Series 2015 B Bonds; and (iv) pay certain costs of issuance of the Series 2015 B Bonds and related costs.

The Bonds are payable from and secured by the Net Revenues derived from the existing waterworks system of the District and any extensions, improvements and betterments thereto, and from funds on deposit in the Series 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account therein (or Surety Bond purchased therefor), on parity with the First Lien Bonds with respect to liens, pledge and source of, and security for, payment and in all other respects, as more fully described herein. The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the principal of, premium, if any, and interest on the Bonds, except from the Net Revenues and such funds on deposit. Neither the full faith and credit nor the taxing power, if any, of the District shall be deemed to be pledged to, nor shall any tax be levied for, the payment of the principal of, premium, if any, or interest on the Bonds. The District has no taxing authority.

The Series 2015 B Bonds are not subject to redemption prior to maturity.

The District has designated the Series 2015 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "Tax Matters" for additional information.

ASSURED GUARANTY®
MUNICIPAL

The scheduled payment of principal of and interest on the Series 2015 B Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2015 B Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. The Bonds are offered when, as and if subject 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. Hoy Shingleton, Jr., Esquire, Martinsburg, West Virginia, as counsel to the District, will pass on certain legal matters for the District, including proceedings regarding the Public Service Commission of West Virginia. Steptoe & Johnson PLLC, Charleston, West Virginia, as Disclosure Counsel, will pass on certain legal matters for the District. The municipal advisor for the District is Compass Municipal Advisors, LLC, Lexington, Kentucky. It is expected that the Bonds will be available for delivery in New York, New York, on or about February 26, 2015.

Dated: February 17, 2015

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

$525,000
Water Refunding Revenue Bonds
Series 2015 B (Bank Qualified)

Maturities, Amounts, Interest Rates, Prices & CUSIPS**

Maturity Date	Amount	Interest Rate	Price	Yield	CUSIP NO. **
12/1/2015	$130,000	2.000%	101.141%	0.500%	084246 JZ1
12/1/2016	$130,000	2.000%	102.363%	0.650%	084246 KA4
12/1/2017	$130,000	2.000%	102.718%	1.000%	084246 KB2
12/1/2018	$135,000	2.000%	102.748%	1.250%	084246 KC0
Total:	$525,000				

** CUSIP data 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 the District does not 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.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

PUBLIC SERVICE BOARD

Gregory Rhoe, Chairman
Lynn Leatherman, Vice Chairman
D. Wayne Dunham, Secretary
Ruby Kern, Treasurer
Brett Hersh, Parliamentarian

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

COUNSEL TO THE DISTRICT

Hoy Shingleton, Jr., Esquire
Martinsburg, West Virginia

MUNICIPAL ADVISOR

Compass Municipal Advisors, LLC
Lexington, Kentucky

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Decker & Company PLLC
Martinsburg, West Virginia

DISCLOSURE COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

THE 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 AN EXEMPTION CONTAINED IN THE SECURITIES ACT. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH TRUST INDENTURE ACT. THE BONDS HAVE NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAWS OR LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

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 2015 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 Issuer to give any information or to make any representations other than as contained in this Official Statement and the Appendices hereto in connection with the offering described herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2015 B Bonds by any person in any jurisdiction in which it is unlawful to make such offers solicitation or sale. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor the sale of any of the Series 2015 B Bonds hereunder shall under any circumstances create any implication that there has been no change in the affairs of the District or the other matters described herein since the date hereof.

Forward-Looking Statements:

This Official Statement, and particularly the information contained in the section entitled "The District and the System" herein, 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," "assumed" and similar expressions identify forward-looking statements. Such statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performances and achievements to differ materially from the future results, performances or achievements expressed or implied by 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. For a discussion of certain of such risks and possible variations in results, see the information under "BONDHOLDER'S RISKS."

INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD–LOOKING STATEMENTS. ALL STATEMENTS REGARDING THE DISTRICT'S EXPECTED FINANCIAL POSITION, BUSINESS AND FINANCING PLANS ARE FORWARD-LOOKING STATEMENTS. THE DISTRICT BELIEVES THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS, AND THE ESTIMATES AND ASSUMPTIONS ON WHICH THEY ARE BASED, ARE REASONABLE. HOWEVER, ESTIMATES AND ASSUMPTIONS ARE INHERENTLY UNCERTAIN, AND NO ASSURANCE CAN BE GIVEN THAT THEY WILL PROVE TO BE CORRECT OR THAT EXPECTATIONS BASED UPON THEM WILL BE REALIZED. THE DISTRICT CANNOT AND DOES NOT WARRANT THAT THE RESULTS CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS WILL BE ACHIEVED, AND IT IS LIKELY THAT ACTUAL RESULTS WILL DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS. ACCORDINGLY, UNDUE RELIANCE SHOULD NOT BE PLACED UPON SUCH FORWARD-LOOKING STATEMENTS.

You should make your own decision whether this offering meets your investment objectives and risk tolerance level. No federal or state securities commission has approved, disapproved, endorsed or recommended this offering. No independent person has confirmed the accuracy or truthfulness of this disclosure, nor whether it is complete.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED BY THE SEC, ANY STATE SECURITIES COMMISSION OR ANY FEDERAL OR STATE REGULATORY AUTHORITY, NOR HAS THE SEC, ANY STATE SECURITIES COMMISSION, OR ANY FEDERAL OR STATE REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Series 2015 B Bonds or the advisability of investing in the Series 2015 B Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Exhibit F - Specimen Municipal Bond Insurance Policy".

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OFFICIAL STATEMENT
relating to

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

$525,000
Water Refunding Revenue Bonds
Series 2015 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, located in Berkeley County, West Virginia (the "District"), the District's waterworks system hereinafter described and the District's $525,000 in aggregate principal amount of Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds"). 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 of 1931, as amended (the "Act"), and a bond authorizing resolution adopted by the Public Service Board of the District on January 12, 2015 and a supplemental parameters resolution adopted by the Public Service Board of the District on January 12, 2015 (collectively, the "Resolution").

The proceeds of the Series 2015 B Bonds, together with other funds available therefor, will be used as follows (i) to pay the costs necessary to refund all outstanding maturities of the District's outstanding Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 and currently outstanding in the principal amount of $767,440.14 (the "Series 2003 B Bonds" or the "Bonds to be Refunded") on March 20, 2015; (ii) to purchase a Surety Bond from Assured Guaranty Municipal Corp. ("Assured Guaranty") in an amount necessary to meet the Reserve Requirement for the Series 2015 B Bonds; (iii) to purchase a municipal bond insurance policy from Assured Guaranty to secure the payment of the interest on, and principal of, the Series 2015 B Bonds; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs.

The District will, upon issuance of the Series 2015 B Bonds, have the following outstanding debt obligations which are secured by a pledge of the Net Revenues of the System: (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 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 (the "Series 1993 D Bonds"); (iii) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 (the "Series 1996 Bonds"); (iv) 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"); (v) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (vi) Water Revenue Bonds, Series 2007 A (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 Bonds");

(vii) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000 (the "Series 2008 Bonds"); (viii) Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (the "Series 2009 Bonds"); (ix) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012 and issued in the original aggregate principal amount of $7,425,000 (the "Series 2012 A Bonds"); (x) Water Revenue Bonds, Series 2012 B (Bank Qualified), dated December 20, 2012 and issued in the original aggregate principal amount of $7,800,000 (the "Series 2012 B Bonds"); (xi) Water Refunding Revenue Bonds, Series 2013 A (Bank Qualified), dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000 (the "Series 2013 A Bonds"); (xii) Water Refunding Revenue Bonds, Series 2013 B (Taxable), dated December 30, 2013 and issued in the original aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds"); and (xiii) Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified), to be dated February 26, 2015, and to be closed concurrently with the Series 2015 B Bonds in the original aggregate principal amount of $9,575,000 (the "Series 2015 A Bonds" and, collectively, hereinafter called the "First Lien Bonds").

The Series 2015 A Bonds were sold on January 29, 2015, and are scheduled to close simultaneously with the Series 2015 B Bonds. The proceeds of the Series 2015 A Bonds are being used to defease the Issuer's Water Revenue Bonds, Series 2006 (Bank Qualified), dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"), which Series 2006 Bonds have a parity first lien on the net revenues of the System so long as they are outstanding. Upon the closing of the Series 2015 A Bonds, the Series 2006 Bonds shall be defeased and no longer have a parity first lien on the net revenues of the System. In the event the Series 2015 A Bonds do not close for any reason the Series 2006 Bonds shall remain outstanding, retain a shared parity first lien on the net revenues of the System and be considered one of the First Lien Bonds.

There are outstanding obligations of the District which are secured by the Net Revenues of the System but subordinate to the First Lien Bonds and the Series 2015 B Bonds as to liens, pledge and source of, and security for, payment. These are the District's Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority (the "Series 1993 C Bonds" or "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 and the Series 2015 B Bonds, 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 hereinafter called the "Prior Bonds". The resolutions pursuant to which the Prior Bonds were issued are hereinafter collectively called the "Prior Resolutions."

The Series 2015 B Bonds shall be issued on a parity with the First Lien Bonds, and will be senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects pursuant to the Resolution. See "SECURITY FOR THE BONDS."

The Series 2015 B Bonds are payable from and secured by the Net Revenues, as defined in the Resolution and hereinafter, derived from the existing waterworks system of the District and

any extensions, improvements or betterments thereto (the "System") on parity with the First Lien Bonds, and, respectively, from funds on deposit in the Series 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account therein, including the Surety Bond. The Series 2015 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 2015 B Bonds or premium, if any, or the interest thereon except from such Net Revenues and such funds on deposit.

Pursuant to the Resolution, the District has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby so as to produce for each fiscal year Net Revenues, as defined in the Resolution and hereinafter, equal to at least 120% of the maximum amount required in any year to pay the principal of and interest on the Series 2015 B Bonds and all other obligations secured by a lien on or payable from Net Revenues on a parity with, or subordinate to, the Series 2015 B Bonds, specifically including, but not limited to, the Prior Bonds. See "SECURITY FOR THE SERIES 2015 B BONDS - Rate Covenant."

The Series 2015 B Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described on the cover page and under the heading "THE SERIES 2015 B BONDS" herein. The Series 2015 B Bonds initially will be maintained under a book-entry system. So long as the Series 2015 B Bonds are maintained under a book-entry system, the manner of payment, the denominations, the transfer and exchange of ownership and the method of providing notice of redemption to the owners of the Series 2015 B Bonds shall be determined as described under "Appendix G - Book-Entry System" herein. If the book-entry system is discontinued, principal of, interest, and premium, if any, on the Series 2015 B Bonds will be payable by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Bond Commission" or the "Paying Agent"), to the owners thereof at the addresses appearing in the books kept by United Bank, Inc., as registrar (the "Registrar"). For further information describing the method of payment and other matters in the event the book-entry system is discontinued, see "THE SERIES 2015 B BONDS" herein.

For a description of the exclusion of interest on the Series 2015 B Bonds from gross income for federal income tax purposes and the exclusion of interest on the Series 2015 B Bonds from gross income for West Virginia state income tax purposes, see "TAX MATTERS" herein.

The District may issue additional bonds, on parity with First Lien Bonds and the Series 2015 B Bonds for the purpose of financing the cost of the construction or acquisition of additions, improvements and betterments to the System and/or refunding one or more of the Prior Bonds, the Series 2015 B Bonds, and any Additional Parity Bonds (as hereinafter defined) subject, in each case, to certain tests and conditions provided for by the Resolution. See "SECURITY FOR THE BONDS - Additional Parity Bonds."

The Series 2015 B Bonds are offered when, as and if issued and subject to withdrawal or modification of the offering without notice and to the unqualified approval of the legality thereof by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Hoy Shingleton, Jr., Esquire, Martinsburg, West Virginia, will pass upon certain legal matters for the District, including proceedings regarding the Public Service Commission of West Virginia. Steptoe & Johnson PLLC, Charleston, West Virginia, as Disclosure Counsel, will pass on certain legal matters for the District.

Brief descriptions of the Series 2015 B Bonds, the Resolution, the District and certain provisions of the Resolution and the Act, as defined in the Resolution and hereinafter, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Resolution, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2015 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 shall have the respective meanings given them in the Resolution. Copies of the Resolution and other applicable documents may be obtained from the District.

FINANCING PLAN

The proceeds of the Series 2015 B Bonds will be used, together with other available funds, as follows: (i) to pay the costs necessary to refund all outstanding maturities of the District's outstanding Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 and currently outstanding in the principal amount of $767,440.14 (the "Series 2003 B Bonds" or the "Bonds to be Refunded") on March 20, 2015; (ii) purchase a municipal bond debt service reserve insurance policy from Assured Guaranty in an amount equal to the Debt Service Reserve Requirement; (iii) to purchase a municipal bond insurance policy from Assured Guaranty to secure the payment of the interest on, and principal of, the Series 2015 B Bonds; and (iv) to pay certain costs of issuance of the Series 2015 B Bonds and related costs.

SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount of Series 2015 B Bonds:	$525,000.00
Reoffering Premium:	11,798.40
Funds Available in Series 2003 B Debt Service Funds	78,313,56
Funds Available in Series 2003 B DSR Funds	175,936.59
Total:	$791,048.55
Uses of Funds	
Total Underwriter's Discount	$ 3,256.56
Cost of Issuance [(1)]	18,454.55
Gross Bond Insurance Premium	1,372.30
Surety Bond	525.00
Deposit to Series 2003 B Bonds Debt Service Fund	767,440.14
Total:	$791,048.55

(1) Includes legal and financing fees, bond counsel fees, disclosure counsel fees, rounding, registrar's fee, bond insurance fees, surety bond fees, rating agency fees and other miscellaneous expenses relating to the issuance of the Series 2015 B Bonds.

THE SERIES 2015 B BONDS

General

The Series 2015 B Bonds are dated February 26, 2015, upon original issuance. All Series 2015 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 2015 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 2015 B Bonds shall be in default, Series 2015 B Bonds issued in exchange for Series 2015 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 2015 B Bonds surrendered. The Series 2015 B Bonds will bear interest from their date, payable semiannually on each June 1 and December 1, commencing June 1, 2015, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the cover page of this Official Statement.

The Series 2015 B Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. The Series 2015 B Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Series 2015 B Bonds and payments of principal of, redemption price, if any, and interest on the Series 2015 B Bonds will be made as described herein under "Appendix G- Book Entry System." If the book-entry system is discontinued, interest on the Series 2015 B Bonds will be payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by the Registrar as of the 15th day of the month preceding such interest payment date or, in the event of a default in the payment of the Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date (the "Record Date"). If the book-entry system is discontinued, principal of and premium, if any, on the Series 2015 B Bonds will be payable to the owner thereof upon surrender thereof at the principal corporate trust department office of the Paying Agent. In the event that the Bond Entry System shall be discontinued, interest on the Series 2015 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 $500,000 or more of the Series 2015 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.

So long as the Series 2015 B Bonds are maintained under a book-entry system, transfers of ownership interests in the Series 2015 B Bonds will be made as described herein under "Exhibit G-Book Entry System." If the book-entry system is discontinued, ownership of any Series 2015 B Bond may be transferred upon surrender thereof to the Registrar, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his duly authorized attorney or legal representative. Upon any such transfer of a Series 2015 B Bond, there will be issued another Series 2015 B Bond or Series 2015 B Bonds, at the option of the transferee, of the same aggregate principal amount, series, maturity and interest rate as said Series 2015 B Bond. For every exchange or transfer of Series 2015 B Bonds, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The District shall pay any service charge of the Registrar and any applicable tax or other governmental charge.

Optional Redemption

The Series 2015 B Bonds are not subject to redemption prior to maturity.

Notice of Redemption

So long as the Series 2015 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2015 B Bonds shall be given as described below under "Appendix G- Book Entry System." At any other time, 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 registered owner of the Series 2015 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. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2015 B Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Bond with respect to which no such failure has occurred. After notice of redemption has been given in the manner herein above and in the Resolution described and moneys necessary therefor have been deposited, the Series 2015 B Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue. Upon surrender for any partial redemption of any Series 2015 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 2015 B Bond. All Series 2015 B Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2015 B Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Series 2015 B Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2015 B Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), "AA+" (stable outlook)

by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On November 13, 2014, KBRA assigned an insurance financial strength rating of "AA+" (stable outlook) to AGM. AGM can give no assurance as to any further ratings action that KBRA may take.

On July 2, 2014, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On July 2, 2014, Moody's issued a rating action report stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Capitalization of AGM

At September 30, 2014, AGM's policyholders' surplus and contingency reserve were approximately $3,683 million and its net unearned premium reserve was approximately $1,810 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (filed by AGL with the SEC on February 28, 2014);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 (filed by AGL with the SEC on May 9, 2014);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 (filed by AGL with the SEC on August 8, 2014); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 (filed by AGL with the SEC on November 7, 2014).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2015 B Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Series 2015 B Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Series 2015 B Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Series 2015 B Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Series 2015 B Bonds or the advisability of investing in the Series 2015 B Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

SECURITY FOR THE SERIES 2015 B BONDS

The Series 2015 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 2015 B Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2015 B Bonds shall be secured forthwith equally and ratably by a lien on and pledge of the Net Revenues derived from the System on parity with the First Lien Bonds and senior and prior to the Second Lien Bonds, and the funds on deposit in the Series 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account, as more fully described below under "ANNUAL DEBT SERVICE REQUIREMENTS." Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2015 B Bonds and to make the payments into the Series 2015 B Bonds Sinking Fund and all other payments provided for in the Resolution, and the funds in the Series 2015 B Bonds Sinking Fund and the Series 2015 B Bonds Reserve Account are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Series 2015 B Bonds as the same become due and for the other purposes provided in the Resolution.

Rate Covenant

The District has covenanted and agreed in the Resolution to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will produce for each fiscal year Net Revenues, as defined in the Resolution and hereinafter, equal to at least 120% of the maximum amount required in any year to pay the principal of and interest on the Series 2015 B Bonds and all other obligations secured by a lien on or payable from Net Revenues on parity with, or subordinate to the Series 2015 B Bonds, including the Prior Bonds.

For the fiscal year ended June 30, 2014, the District failed to meet the most strict Rate Covenant contained in the Prior Bonds. The covenant violation was primarily due to the delayed implementation of a rate increase to the middle of Fiscal Year 2014.

The District did meet all rate covenants for the Prior Bonds for the fiscal year ended June 30, 2013.

The District projects that Debt Service Coverage for the fiscal year ending June 30, 2015 will be at least 1.20.

Series 2015 B Bonds Reserve Account

The District has purchased a municipal bond debt service reserve insurance policy from Assured Guaranty in an amount equal to $52,500.00, which is equal to the least of (i) 10% of the original stated principal amount of the Series 2015 B Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2015 B Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2015 B Bonds. In the event funds in the Series 2015 B Bonds Sinking Fund are insufficient to pay the principal of

and/or interest on the Series 2015 B Bonds, the Bond Commission shall withdraw sufficient amounts from the Surety Bond to make payments of principal of and/or interest on the Series 2015 B Bonds as the same become due.

The reimbursement obligation of the District under the Surety Bond will be secured by the Net Revenues derived from the System and the funds on deposit in the Renewal and Replacement Fund, provided however, that such lien will be subordinate to the payment of debt service to holders of the First Lien Bonds and the Series 2015 B Bonds.

Application of Revenues

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

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

(2) The District shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) 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 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2015 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 2015 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 2015 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2015 B Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2015 B Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2015 B Bonds Sinking Fund.

(3) The District shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) 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 2015 B Bonds, for deposit in the Series 2015 B Bonds Sinking Fund, and in the Series 2015 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 2015 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 2015 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 2015 B Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The District shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the respective Reserve Accounts for the First Lien Bonds, the amounts required under the Prior Resolutions to be deposited therein in order to maintain the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2015 B Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2015 B Bonds Reserve Account below the Series 2015 B Bonds Reserve Requirement or any withdrawal from the Series 2015 B Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2015 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 2015 B Bonds Reserve Account is less than the Series 2015 B Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2015 B Bonds Reserve Account for deposit into the Series 2015 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 2015 B Bonds Reserve Account to an amount equal to the Series 2015 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 2015 B Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2015 B Bonds Reserve Requirement.

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

required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The District shall next, on the first day of each month, transfer from the Revenue Fund and remit to the 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 District 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 the Second Lien Bonds the amount required under the Prior Resolutions.

Enforcement of Collections

The District covenants in the Resolution to diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, or otherwise by the laws of the State. The District further covenants and agrees in the Resolution that it will, subject to applicable State law and regulations, and under such reasonable rules and regulations as may be prescribed by the District, discontinue water services to all delinquent users, until such delinquent amounts, plus reasonable interest and penalty charges thereon, have been fully paid.

Additional Parity Bonds

No such Additional Parity Bonds (as hereinafter defined) shall be issued except for the purposes of financing the costs of the design, acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Prior Bonds or Additional Parity Bonds, or to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 2015 B Bonds are Outstanding, no such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion 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 such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 2 Fiscal Years immediately following the Fiscal Year in which such Additional Parity Bonds are issued, if any, shall not be less than 120% of the Maximum Annual Debt Service on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues" as that term is used in the computation provided in the above paragraph, shall include increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds, if any, and any change in rates enacted by the District, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia (without successful appeal), prior to the date of delivery of such Additional Parity Bonds, whether or not such approved rates are being charged and collected by the District.

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

Additional Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the 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 the 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 the lien on and source of and security for payment from such revenues, with the Bonds.

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

Provided, however, that if the audit by an Independent Certified Public Accountant for the District for the Fiscal Year immediately preceeding the proposed issuance of Additional Parity Bonds states that the District was not in compliance with the rate covenant in Section 6.04 of the Resolution for the year being audited and the District has, as required by Section 6.04 of the Resolution, enacted a rate ordinance seeking a rate increase sufficient to comply with Section 6.04 of the Resolution, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of the Resolution, so as to prevent the District from issuing Additional Parity Bonds under the Resolution.

THE DISTRICT AND THE SYSTEM

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 and the City of Martinsburg. Such merger was approved by the Public Service Commission in 2001. The District conducts business under the name "Berkeley County Public Service Water District."

The District currently has a capacity to pump 9,014,000 gallons of water per day. The average daily usage from all sources as of June 30, 2014 is 4,870,000 gallons per day, leaving 4,144,000 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 and Potomac Station, Baker Lakes, Springdale, Morning Dove and Glenwood Forest Wells. The Potomac River, pursuant to a permit from the State of Maryland, yields on average 2,570,000 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 5,594,000 gallons, bringing the maximum gallons available daily to 9,594,000 as depicted below:

Water Source	Maximum Gallons Yielded Daily	Percentage
Potomac River	4,000,000	41.7%
LeFever Spring	1,783,000	18.6%
Morning Dove Wells (2)	336,000	3.5%
Glenwood Forest Wells (4)	86,000	0.9%
City of Martinsburg	1,000,000	10.4%
Potomac Station Wells	2,000,000	20.8%
Springdale Farm Well	146,000	1.5%
Ben Speck Spring	200,000	2.1%
Baker Lakes Well	43,000	0.5%
Total Gallons Available:	9,594,000	100.00%

As of June 30, 2014, the District had 21,071 customers, of which 20,042 are residential (95.1%), 959 are commercial (4.5%), 23 are industrial (0.1%), 47 are public authorities (0.2%) and 176 are fire protection customers (0.8%). A more detailed description of the District's customer base is set forth in "THE SYSTEM--Customer Statistics."

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	06/30/2019	Corporate Controller
Lynn Leatherman, Vice Chairman	06/02/2017	Businessman
D. Wayne Dunham, Secretary	07/02/2015	Retired
Ruby Kern, Treasurer	06/23/2017	Retired
Brett Hersh, Parliamentarian	07/02/2015	Businessman

The Board employs an Executive Director for the System and other personnel and consultants. Christine Thiel, P.E. has served as Executive Director since March 3, 2014. Ms. Thiel is responsible for the operation, maintenance and administration of the District, and holds a Bachelor of Science in Civil Engineering and a Master of Science in Civil Engineering from the University of Illinois and a Master of Business Administration from the University of California Los Angeles. Ms. Thiel has worked for the District in the position of District Engineer for a total of nine years prior to her appointment as Executive Director in 2014. In addition to the Executive Director, the Board has 46 full-time employees and 1 part-time employee.

Hoy Shingleton, Esquire, Martinsburg, West Virginia, provides legal services and Decker & Company PLLC, 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 recently completed construction of two projects in construction which were financed from the proceeds of the Series 2012 B Bonds: Potomac Station Raw Water Project (budget cost of $1,809,000) and Operations Center Project (budget cost of $4,134,000).

In addition to the projects discussed above, 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, as listed in the table below:

Project Description	Estimated Amount
Fiscal Year Ending June 30, 2015	
Various Upgrades	$800,000
Fiscal Year Ending June 30, 2016	
Various Upgrades	$800,000
Fiscal Year Ending June 30, 2017	
Various Upgrades	$1,000,000
Three Year Grand Total:	**$2,600,000**

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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, 2010 Customer Count	Change (%)	June 30, 2011 Customer Count	Change (%)	June 30, 2012 Customer Count	Change (%)	June 30, 2013 Customer Count	Change (%)	June 30, 2014 Customer Count	Change (%)
Residential	18,822	2.98%	18,822	0.00%	19,079	1.37%	19,400	1.68%	20,042	3.31%
Commercial	917	-0.11%	917	0.00%	920	0.33%	938	1.96%	959	2.24%
Industrial	23	-8.00%	23	0.00%	23	0.00%	23	0.00%	23	0.00%
Public Authorities	42	0.00%	43	2.38%	44	2.32%	43	-2.27%	47	9.30%
Fire Protection	142	1.43%	149	4.93%	159	6.71%	162	1.89%	176	8.64%
Totals:	19,946	2.80%	19,961	0.08%	20,225	1.32%	20,566	1.69%	21,071	2.46%

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

Source: Berkeley County Public Service District; PSC Reports

The following table sets forth the ten (10) largest customers of the District for the fiscal year ending June 30, 2014 and the percentage of total consumption for such periods.

Customer Name	Gallons	Percentage
Quad Graphics	69,059,800	5.12%
Ecolab	33,376,700	2.48%
IRS Facilities	26,897,400	1.99%
West Virginia Regional Jail	25,301,700	1.88%
WV Air National Guard	13,068,000	0.97%
Guardian Fiberglass	8,773,000	0.65%
World Color Martinsburg	5,710,000	0.42%
Whispering Woods LLC	5,405,300	0.40%
Cottages of Martinsburg	5,187,300	0.38%
Fasloc, Inc.	4,998,000	0.40%
Totals:	197,777,200	14.67%

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

Customer Description	June 30, 2010 Gallons* Sold	Change (%)	June 30, 2011 Gallons* Sold	Change (%)	June 30, 2012 Gallons* Sold	Change (%)	June 30, 2013 Gallons* Sold	Change (%)	June 30, 2014 Gallons* Sold	Change (%)
Residential	876,444	-0.54%	906,580	3.44%	888,919	-1.95%	873,051	-1.79%	901,989	3.31%
Commercial	283,412	-4.92%	286,708	1.16%	291,817	1.78%	280,108	-4.01%	287,636	2.69%
Industrial	138,136	-17.55%	151,093	9.38%	145,703	-3.57%	140,560	-3.53%	130,143	-7.41%
Public Authorities	22,119	1.52%	25,651	15.97%	22,818	-11.04%	23,052	1.03%	24,216	5.05%
Totals:	1,320,111	-3.54%	1,370,032	3.78%	1,349,257	-1.12%	1,316,771	-2.41%	1,343,984	2.06%

** 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, which are in effect.

First	2,000 Gallons Used per Month	**$10.56 per 1,000 Gallon**
Next	88,000 Gallons Used per	**$6.85 per 1,000 Gallon**
Over	90,000 Gallons Used per	**$4.84 Per 1,000 Gallon**

Minimum Charge

5/8 Inch Meter	$21.12	Per Month
1 Inch Meter	$52.80	Per Month
1 ½ Inch Meter	$105.60	Per Month
2 Inch Meter	$168.96	Per Month
3 Inch Meter	$316.80	Per Month
4 Inch Meter	$528.00	Per Month
6 Inch Meter	$1,056.00	Per Month
8 Inch Meter	$1,689.60	Per Month

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 System 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: Ten percent (10%)

Reconnection Fee: Twenty dollars ($20.00)

Tap Fee: Four hundred fifty dollars ($450.00)

Leak Adjustment: $0.76 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, 2010 Operating Revenues	Change (%)	June 30, 2011 Operating Revenues	Change (%)	June 30, 2012 Operating Revenues	Change (%)	June 30, 2013 Operating Revenues	Change (%)	June 30, 2014 Operating Revenues	Change (%)
Residential	6,721,688	3.98%	6,989,577	3.99%	6,753,061	-3.38%	6,835,390	1.22%	7,680,392	12.36%
Commercial	1,606,149	-2.73%	1,639,866	2.10%	1,632,728	-0.43%	1,625,262	-0.46%	1,802,091	10.88%
Industrial	601,365	-4.93%	659,048	9.59%	622,693	-5.59%	613,455	-1.48%	608,609	-0.79%
Public Authorities	134,159	5.21%	147,968	10.29%	131,278	-11.28%	141,395	7.71%	159,020	12.47%
Fire Protection	135,176	4.18%	137,387	1.64%	143,381	4.36%	155,150	8.21%	159,198	2.61%
Totals:	9,198,537	2.14%	9,573,846	4.08%	9,283,141	-3.07%	9,370,652	0.94%	10,409,310	11.08%

Source: Berkeley County Public Service District; PSC Reports

The District has covenanted to diligently enforce and collect all fees and charges as described in "SECURITY FOR THE SERIES 2015 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. Decker & Company PLLC, Certified Public Accounting, Martinsburg, West Virginia, audited the records of the District for the fiscal year ended June 30, 2014 (See "Appendix B - Audited Financial Statement for Fiscal Year Ended June 30, 2014.")

Retirement System

All full-time employees of the District are covered by the West Virginia Public Employees Retirement System, ("PERS").

All full-time employees are eligible and must participate in the State PERS. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. A member may retire after reaching the age of 60 and accumulating 5 years of credited service in force. Benefits generally vest in varying degrees once a member attains 5 or more years of credited service in force. Employees who retire at age 60 with 5 or more years of credited service in force are entitled to pension payments for the rest of their lives equal to 2% of their highest three-year average salary in the past 10 years times the number of years for which they were employed as a participant in the State PERS.

Pension provisions include annuity options to provide benefits to a member's nominated beneficiary if so elected. In addition, disability retirement is provided for members who meet certain requirements as specified in the Act. The District's covered payroll amounted to $2,097,238, for the year ended June 30, 2014.

Employees of the District are required to pay 4.5% of their gross earnings to the pension plan. In year ended June 30, 2014, the District made an annual contribution to the plan equal to 13.8% of its covered payroll. Total contributions made during the fiscal year ended June 30, 2014 Amounted to $384,014, of which $90,762 was made by employees. Information regarding the plan is available from the State.

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." 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.

Please see the discussion of the District's obligations related to Other Post Employment Benefits contained in Appendix B – Audited Financial Statement for the Fiscal Year Ended June 30, 2014.

Summary of Historical Revenues and Expenses

The table below lists the net income of the District for the last 5 fiscal years as filed with the Public Service Commission.

Description	Audited Financials 6/30/2010	Audited Financials 6/30/2011	Audited Financials 6/30/2012	Audited Financials 6/30/2013	Audited Financials 6/30/2014
Operating Revenues	$9,723,924	$10,100,940	$9,790,750	$9,948,659	$11,016,247
Operating Expenses:	5,021,872	5,272,926	5,340,489	5,308,497	5,626,322
Operation and Maintenance Expenses					
Depreciation Expenses	3,060,269	3,608,074	3,663,101	3,696,664	3,828,214
Total Operating Expenses	8,082,141	8,881,000	9,003,590	9,005,161	9,454,536
Operating Income	1,641,783	1,219,940	787,160	943,498	1,561,711
Non-Operating Income:	84,638	75,695	39,369	35,207	24,819
Interest and Dividend Income					
Non-Operating Expenses:	2,319,191	2,954,156	2,874,989	2,848,586	2,758,465
Interest on Long Term Debt					
Amortization of Debt Discount and Expense	170,539	134,257	134,257	134,781	120,299
(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	2,983,367	2,878,764
Income (loss) before capital contributions	(753,242)	(1,779,018)	(2,176,840)	(2,004,662)	(1,343,310)
Capital Contributions	2,085,833	1,365,511	1,668,297	466,239	1,076,171
NET INCOME (LOSS)	$1,332,591	($413,507)	($508,543)	($1,538,423)	(267,139)
Debt Service Coverage	123%	127%	115%	122%	115%

Source: Berkeley County Public Service District Audited Financial Statements.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each fiscal year during which the Prior Bonds and the Series 2015 B Bonds will be outstanding the amounts payable from Net Revenues as principal of and interest on the Prior Bonds and the Series 2015 B Bonds.

FY Ending June 30	Existing Bonds Payments*	Series 2015 B Bonds Principal	Series 2015 B Bonds Interest	Less: Reserve Account	Total Payments
2015	$4,587,343		$2,771	$0	$4,590,114
2016	4,473,993	$130,000	9,200	0	4,613,193
2017	4,477,547	130,000	6,600	0	4,614,147
2018	4,479,455	130,000	4,000	0	4,613,455
2019	4,478,646	135,000	1,350	0	4,614,996
2020	4,643,923			0	4,643,923
2021	4,931,429			(287,500)	4,643,929
2022	4,642,088			0	4,642,088
2023	4,646,353			0	4,646,353
2024	4,837,504			(194,990)	4,642,514
2025	5,384,428			(742,500)	4,641,928
2026	4,643,201			0	4,643,201
2027	4,644,574			0	4,644,574
2028	4,644,503			0	4,644,503
2029	5,357,105			(712,081)	4,645,025
2030	4,645,070			0	4,645,070
2031	4,645,078			0	4,645,078
2032	4,690,122			(43,799)	4,646,323
2033	5,410,848			(1,490,215)	3,920,633
2034	3,331,711			(910,025)	2,421,686
2035	2,423,276			0	2,423,276
2036	2,466,816			(46,714)	2,420,102
2037	2,422,238			0	2,422,238
2038	1,589,235			0	1,589,235
2039	128,660			0	128,660
2040	132,083			(132,083)	0
Totals:	$102,757,229	$525,000	$23,921	($4,559,907)	$98,746,243

** Includes Series 2015 A Bonds and Second Lien Bonds comprised of total annual payments of $452.03 though FY Ending 2032;*

Excludes Series 2003B Bonds to be Refunded.

INVESTMENT CONSIDERATIONS

Net Revenue Pledge

The Series 2015 B Bonds are secured solely by the Net Revenues of the System on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds. There can be no guarantee that current rates of the System will always produce revenue sufficient to pay the debt service on the Series 2015 B Bonds. The District has covenanted in the Resolution to raise the rates of the System if the Net Revenues of the System are not sufficient to provide 120% coverage of the maximum annual debt service of the Series 2015 B Bonds and all bonds issued on a parity with, or subordinate to, the Series 2015 B Bonds, including the Prior Bonds. Any rate increase proposed by the District must first be approved by the Public Service Commission of West Virginia (the "Commission"). Further discussion of rate review by the Commission is set forth below.

Future Legislation

Current or future legislative proposals, if enacted into law, may cause interest on the Series 2015 B Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. For example, both the American Jobs Act of 2011, introduced by President Obama on September 12, 2011 (the "Jobs Act"), and the federal budget for fiscal year 2013, proposed by President Obama on February 13, 2012 (the "2013 Proposed Budget"), would have, for tax years beginning on or after January 1, 2013, limited the exclusion from gross income of interest on obligations like the Series 2015 B Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any similar legislative proposals may also affect the market price for, or marketability of, the Series 2015 B Bonds. Prospective purchasers of the Series 2015 B Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2015 B Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal income tax purposes.

The Public Service Commission of West Virginia

In West Virginia, public service districts are subject to regulatory oversight by 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 prior to any increased rates. Accordingly, public service districts in West Virginia do not have the ability to adjust rates without prior 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 and 24-2-4a the District must make a filing with the Commission to increase rates. This can be done one of two ways. One option is for the District to 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. The suspension period for the District is 270 days.

Pursuant to legislation enacted in 2014, another option is for the District to file a tariff with the Commission that places increased rates into effect on the date of filing if the rate increase results in an increase of less than 25% of the gross revenue of the District, provided, however, that revenues collected from rates put into effect upon filing may be subject to refund if the rates are subsequently disapproved or modified by the Commission or presiding ALJ. Before making such a filing, this option also requires the District to provide the Commission with 30 days notice of its intent to increase rates. If the rates approved by the Commission or the presiding ALJ are less than the rates the District placed into effect upon filing, the District can provide the refund to customers by billing credit for a period of six months. After six months, the District must refund the amount to customers by check. Since rates pursuant to this option are placed into effect upon filing, there is no suspension period. Despite the lack of a suspension period, the Commission usually imposes a case processing timeframe similar to the suspension period applicable to the utility under the first option discussed above. Thus, if the District makes a tariff filing that places rates into effect upon filing, the Commission is likely to apply a 270 day case processing timeframe.

Once a tariff filing is made under either option discussed above, 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

Under the first option discussed above, at a minimum, the amount of time required to obtain Commission approval of increased rates is 30 days. In reality, however, the District is not likely to realize increased revenues for at least 8 months after determining a rate increase is necessary. At the end of each fiscal year, the District must close its books, determine if a rate increase is required and, if so, prepare a financial exhibit to support the proposed increased rates. The District is required to file a notice of intent to raise rates, which tariff the Commission generally suspends and then has up to 270 days to render a decision. Finally, 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 may not be timely and may be inadequate on the date they go into effect.

While the second option discussed above does allow the District to place rates into effect immediately upon filing for rate increases that result in less than a 25% increase in the utility's gross revenue, the Commission is likely to apply a 270-day case processing timeframe. Given this long timeframe along with the fact that the rates are subject to refund, the District may encounter a significant refund obligation at the end of the case.

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.'" *Berkeley 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 significant 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 ending on a calendar quarter, 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, as well as most public market bond issues for public water and sewer utilities, 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 deficiencies in 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 fiscal 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.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. The summary does not purport to be a comprehensive statement of the terms and provisions thereof, for which reference is made to the complete text of the Resolution, copies of which may be obtained from the Issuer. See Appendix E "FORM OF THE BOND AUTHORIZING RESOLUTION" herein.

Application of System Revenues

The Gross Revenues derived from the operation of the System and all parts thereof are to be deposited in the Revenue Fund established with the Depository Bank and used only for the System.

Investments

The District 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 the Resolution in Qualified Investments to the fullest extent possible under applicable laws, the 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 District shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The District may make any and all investments permitted by 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 2015 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 District shall, or shall cause the Bond Commission to annually transfer from the Series 2015 B Bonds Reserve Account to the Series 2015 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 2015 B Bonds Reserve Account an amount at least equal to the Series 2015 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 2015 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 2015 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 2015 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 6C of the West Virginia Code of 1931, as amended.

General Covenants

Enforcement of Collections. The District has covenanted to diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and to take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that become delinquent to the full extent permitted or authorized by State law. The District will shut off and discontinue the supplying of water service for the nonpayment of the rates or charges for said water service to the full extent permitted or authorized by State law.

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

Sale of the System. So long as the Prior Bonds are outstanding, the District shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Resolutions. Additionally, so long as the Series 2015 B Bonds are Outstanding, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, or to defease the pledge created by the Resolution and the Prior Resolutions. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the respective Sinking Funds, and otherwise as prescribed by Section 9.01 of the Resolution. Any balance remaining after such defeasance shall be remitted to the District by the Commission unless necessary for the payment of other obligations of the District payable out of the revenues of the System.

The foregoing provision notwithstanding, the District shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such

property, if the amount to be received therefor is not in excess of $500,000, the District may provide for the sale of such property. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $500,000 but not in excess of $5,000,000 the District, by resolution duly adopted, shall determine that the property is no longer necessary, useful or profitable in the operation of the System and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition off such property which are less than $500,000 may be deposited in the Revenue Fund or the Renewal and Replacement Fund, at the sole discretion of the District. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $500,000 and not in excess of $5,000,000, shall be deposited by the District into Sinking Funds for the First Lien Bonds, pro rata, or the Renewal and Replacement Fund, at the sole discretion of the District. Such payment of such proceeds into the Sinking Funds for the First Lien Bonds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of the Resolution.

No sale, lease or other disposition of the properties of the System shall be made by the District if the proceeds to be derived therefrom, shall be in excess of $5,000,000 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% of the par amount of the Bonds then Outstanding. The District shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The District shall not issue any other obligations whatsoever payable from the revenues of the System, which rank prior to, or equally, as to lien on and source of and security for payment from the revenues with the Series 2015 B Bonds, provided that additional bonds on parity with the Series 2015 B Bonds and the First Lien Bonds may be issued as provided in the Resolution. See "SECURITY FOR THE SERIES 2015 B BONDS--Additional Parity Bonds." All obligations issued by the District payable from the revenues of the System, except such Additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from Revenues and in all other respects, to the Series 2015 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 District shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to Additional Parity Bonds, being on parity with the lien of the Series 2015 B Bonds, and the interest thereon, if any, upon any of the income and revenues of the System pledged for payment of the Series 2015 B Bonds and the interest thereon in the Resolution, or upon the System or any part thereof.

Insurance. The District has covenanted and agreed, that so long as the Series 2015 B Bonds remain Outstanding, the District will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the District 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 in the Resolution for the Renewal and Replacement Fund.

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

C. WORKERS' COMPENSATION COVERAGE for all employees of or for the System eligible therefor.

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

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

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

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

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

Restrictions as to Arbitrage Bonds. The District covenants that (i) it will restrict the use of the proceeds of the Series 2015 B Bonds in such manner and to such extent as may be necessary, so that the Series 2015 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 2015 B Bonds) so that the interest on the Series 2015 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.

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.

Amendment. The Resolution and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2015 B Bonds. Otherwise, no materially adverse amendment or modification to the Resolution, or any Supplemental Resolution, may be made without the written consent of the Registered Owners of at least 51% in aggregate principal amount of the Series 2015 B Bonds then Outstanding and affected thereby, which must be filed with the Secretary of the Issuer before any such modification or amendment may be made. Not withstanding the foregoing provision, 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 2015 B Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2015 B Bonds required for consent to any such modification or amendment.

Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the Resolution and the pledges of the Net Revenues and other monies and securities pledged thereunder, and all covenants, agreements and other obligations of the District on behalf of the Holders of the Bonds made thereunder, 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 2015 B Bonds from gross income for federal income tax purposes.

The Series 2015 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 2015 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 2015 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2015 B Bonds on and prior to the maturity date thereof, or if the District irrevocably determines to redeem any of the Series 2015 B Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2015 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 2015 B Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the District as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Default and Remedies

Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2015 B Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2015 B Bonds;

(B) If default occurs in the District's observance of any of the covenants, agreements or conditions on its part in the Resolution or any Supplemental Resolution or in the Series 2015 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 District by any Bondholder;

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

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

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 District to perform its duties under the Act and the Resolution;

(C) Bring suit upon the Series 2015 B Bonds;

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

(E) By action or bill in equity enjoin any acts in violation of the 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 2015 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.

Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the District, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2015 B Bonds and the Prior Bonds, the deposits into the funds and accounts established by the Resolution as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of the Resolution and the Act.

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

Whenever all that is due upon the Series 2015 B Bonds and the Prior Bonds issued pursuant to the Resolution and interest thereon and under any covenants of the 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 the Resolution shall have been cured and made good, possession of the System shall be surrendered to the District upon the entry of an order of the court to that effect. Upon any subsequent default, any 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 herein above 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 District and for the joint protection and benefit of the District and the Holders of the Bonds issued pursuant to the 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 District and the Bondholders, and the curing and making good of any default under the provisions of the Resolution, and the title to and ownership of said System shall remain in the District, and no court shall have any jurisdiction to

enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

TAX MATTERS

General

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2015 B Bonds (i) is excludable from gross income of the holders thereof for Federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that interest on the Series 2015 B Bonds is included as an adjustment to current earnings for purposes of computing the alternative minimum tax that may be imposed with respect to certain corporations for federal income tax purposes. In addition, under the laws of the State of West Virginia, the Series 2015 B Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

The opinions described in this section are subject to the condition that the District comply on a continuing basis with all requirements of the Code, and regulations thereunder that must be satisfied in order for interest thereon to be or continue to be excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2015 B Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation retroactively to the date of issuance of the Series 2015 B Bonds.

The accrual or receipt of the interest on the Series 2015 B Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these and other consequences will depend upon the recipient's particular tax status or other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences, and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Bonds.

Series 2015 B Bonds Qualified Tax-Exempt Obligations

The District has designated the Series 2015 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code. The Series 2015 B Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and 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 described in Section 265(b)(3)(C)(ii) of the Code), including the Series 2015 B Bonds, have been or shall be issued by the District, including all subordinate entities of the District, during the calendar year 2015.

Amortizable Bond Premium

The Series 2015 B Bonds maturing on December 1, 2015 through December 1, 2018, ("Premium Bonds"), will be sold with an amortizable bond premium ("Premium"). The original issue premium will be equal to the excess of a holder's tax basis in the Premium Bonds over the amount payable at maturity, or in the case of Premium Bonds subject to redemption, the amount

payable on the redemption date. Under current law, the amortizable premium for Premium Bonds must be amortized on an annual basis by the holder thereof. The amount of amortizable premium amortized each year will not be deductible for federal income tax purposes. Further, Section 1016 of the Code requires that the amount of annual amortization for the Premium Bonds be deducted from the holder's tax basis in such Premium Bonds. This reduction in a holder's tax basis will affect the amount of capital gain or loss to be recognized by the holder if the Premium Bonds are sold or redeemed prior to their maturity or scheduled redemption date. Owners of Premium Bonds should consult their tax advisors with respect to the determination and treatment of amortizable bond premium for federal income tax purposes, and with respect to the state and local tax consequences of owning such Premium Bonds.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Hoy Shingleton, Jr., Esquire, Martinsburg, West Virginia, Counsel for the District, will pass upon certain legal matters for the District, including proceedings regarding the Public Service Commission of West Virginia. Steptoe & Johnson PLLC, Charleston, West Virginia, as Disclosure Counsel, will pass on certain legal matters for the District.

ABSENCE OF MATERIAL LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the District, threatened or affecting the District (or, to the District's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the District's financial position or on the validity of the Series 2015 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 2015 B Bonds.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See "THE BONDS - General."

UNDERWRITING

The Series 2015 B Bonds were offered by the District through competitive bid on February 17, 2015. The Series 2015 B Bonds were purchased by Piper Jaffray & Co.

The District has been represented by Compass Municipal Advisors, LLC, as Municipal Advisor to the District throughout the transaction.

FINANCIAL STATEMENTS

Included herein as Appendix B are the audited financial statements of the District as of and for the fiscal year ended June 30, 2014, and the report with respect to the audited financial statements as of and for the fiscal year ended June 30, 2014, dated September 16, 2014, of Decker & Company PLLC. The District has obtained the consent of Decker & Company PLLC, Certified Public Accountants to publish the audited financial statements with this Official Statement.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Bonds, in accordance with the Continuing Disclosure Agreement which shall be delivered in substantially the form attached hereto as APPENDIX D, to provide Annual Financial Information not later than the last day of the fiscal year (presently June 30) immediately following the end of the District's fiscal year for which disclosure is due, commencing with the report for the fiscal year ended June 30, 2015, and to provide notice of the occurrence of the enumerated events listed therein. The Annual Information and each notice of enumerated events will be filed electronically by United Bank, Inc., Charleston, West Virginia, as dissemination agent, on behalf of the District, with the Electronic Municipal Markets Access system ("EMMA").

This continuing disclosure obligation is being undertaken to comply with Rule 15c2-12 (the "Rule") promulgated by the Securities Exchange Commission. The District has agreed to give notice in a timely manner to EMMA of any failure to supply the required information. However, any such failure will not constitute a default under the terms of the Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. SEE "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT." Registered Owners may contact the District's Executive Director at 251 Caperton Boulevard, Martinsburg, West Virginia 25403, (304) 267 - 4600, for more information.

The District has eleven series of outstanding bonds which are subject to "undertakings" for continuing disclosure under the Rule: the Series 2003 A Bonds, Series 2003 B Bonds, Series 2006 Bonds, Series 2007 Bonds, Series 2008 Bonds, Series 2009 Bonds, Series 2012 A Bonds, Series 2012 B Bonds, Series 2013 A Bonds, Series 2013 B Bonds and Series 2015 A Bonds. The District failed to timely file audited financial statements for each of the aforementioned bond issues for the fiscal years ended June 30, 2010 and June 30, 2011 neither of which was filed until October 30, 2012. The District failed to file Notices of Failure to File for the late filing of the June 30, 2010 and June 30, 2011 audits until January 28, 2015. The audited financial statements for the fiscal years end June 30, 2012, June 30, 2013 and June 30, 2014 were timely filed.

The District failed to provide certain annual operating data required by the undertakings required by certain of the Prior Bonds for the fiscal years ended June 30, 2010, June 30, 2011, June 30, 2012, June 30, 2013 and June 30, 2014. The District included the required financial information for its fiscal year ended June 30, 2013 pursuant to its Official Statement with respect to the Series 2013 A Bonds and Series 2013 B Bonds filed with EMMA on December 6, 2013. The District filed its annual operating data with respect to its fiscal years ending June 30, 2012 and June 30, 2013 with EMMA on December 6, 2013, which was not timely pursuant to the requirements of its prior undertakings pursuant to the Rule. The District has filed annual operating data with respect to its Fiscal Years ending in June 30, 2010 or June 30, 2011. The District filed the annual operating data for the fiscal year ended June 30, 2014 on January 28, 2015. The District failed to file a material event notice with EMMA regarding the failure to file the aforementioned annual operating data until January 28, 2015.

The District failed to timely file material event notices related to the downgrade of Assured Guaranty Municipal Corp. by various ratings agencies, although the District has made such filings with EMMA subsequent to the filing period required by the Rule and its prior undertakings.

The District failed to timely file notice of the downgrade of its underlying rating by Moody's Investors Service Inc. on November 20, 2012. The District has filed a material event

notice with EMMA regarding the downgrade of the District by Moody's although such filing was made subsequent to the period of time required by the Rule and its prior undertakings.

The District had not, historically, employed a third party dissemination agent until United Bank, Inc. was hired by the District as dissemination agent in connection with the issuance of its Series 2013 A Bonds and Series 2013 B Bonds. It is anticipated that the hiring by the District of United Bank, Inc. as dissemination agent should serve to facilitate timely filings by the District with EMMA pursuant to the Rule and avoid the need in the future for corrective actions.

RATING

Standard & Poor's Rating Services ("S&P") and Moody's Investor Services ("Moody's") are expected to assign ratings of "AA" (stable outlook) and "A2" (stable outlook) upon delivery of the Policy by AGM at closing with respect to the Series 2015 B Bonds. Moody's has assigned an underlying rating of "A3" to the Series 2015 B Bonds. Each such rating reflects only the views of such organization, and reference is made to such organization for the meaning of such rating. There is no assurance that any such rating will continue for any period of time or that any such rating will not be revised downward or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of any such rating may have an adverse effect upon the market price or value of the Series 2015 B Bonds.

Except as provided under "CONTINUING DISCLOSURE" herein, the District has not undertaken any responsibility to take any action with respect to possible changes in such rating or to bring any such changes to the attention of the Bondholders.

MISCELLANEOUS

The foregoing summaries, explanations and quotations do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. Purchasers are referred to the Act and the Resolution for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds. The District has authorized the execution and distribution of this Official Statement.

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: /s/ Gregory Rhoe
Its: Chairman

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING BERKELEY COUNTY, WEST VIRGINIA

Berkeley County Public Service 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 Quad Graphics, Quad Baker Road, Plygem, Ecolab and Essroc.

The 2013 estimated population of Berkeley County is approximately 108,706 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, 2013.

Population Year	Population Amount	Percentage Change
2013	108,706	1.50%
2012	107,098	1.44%
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
	West Virginia	796,200	744,700	51,500	6.5%
2013	Berkeley County	47,370	44,530	2,840	6.0%
	West Virginia	804,000	755,000	49,000	6.10%
2012	Berkeley County	47,000	43,710	3,290	7.0%
	West Virginia	804,900	745,800	59,100	7.3%
2011	Berkeley County	45,410	41,810	3,600	7.9%
	West Virginia	803,200	740,200	63,000	7.8%
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%

Source: Workforce West Virginia

The table below lists the top 10 largest employers in Berkeley County, West Virginia as of March 2014:

Rank	Employers
1	Berkeley County Board of Education
2	Department of Veterans Affairs
3	City Hospital, Inc.
4	U.S. Department of Treasury
5	Quad/Graphics, Inc.
6	Wal-Mart Stores, Inc.
7	Department of Defense
8	FedEx Smartpost, Inc.
9	Department of Defense
10	Berkeley County Commission

Source: Workforce West Virginia

APPENDIX B

FINANCIAL STATEMENTS

Berkeley County
Public Service District

FINANCIAL STATEMENTS

June 30, 2014 and 2013

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DECKER & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTING

Warm Springs Business Center · 64 Warm Springs Avenue · Martinsburg, WV 25404

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

The Members of the Public Service Board
Berkeley County Public Service District

We have audited the accompanying financial statements of the business-type activities, of Berkeley County Public Service District ("District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The District's financial statements for the year ended June 30, 2013 were audited by other auditors whose report dated September 24, 2013 expressed an unqualified opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 District as of June 30, 2014 and 2013, and the changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 5-11 and 34-36 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Berkeley County Public Service District's basic financial statements. The supplemental information on page 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedules of operating expenses are responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 16, 2014, on our consideration of the Berkeley County Public Service 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 in considering the District's internal control over financial reporting and compliance.

Decker & Company PLLC

September 16, 2014

Berkeley County Public Service District

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED

June 30, 2014

This discussion and analysis of the Berkeley County Public Service District's ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Independent Auditor's Report on page 3 and 4 and the District's financial statements that begin on page 12.

HIGHLIGHTS

Financial highlights

The District's net position decreased by $0.27 million, or 0.47%, as a result of this year's operations.

Operating revenues increased to $11.02 million, or 10.73% in FY2014 and operating expenses increased 5.99%.

The District's capital contributions increased by $0.61 million to $1.08 million, a 130.81% increase from last year.

District highlights

The District completed a $9.07 million of capital improvement projects, including the construction of an Operations Center, construction of 1.47 miles of large diameter water mains, and commissioning new groundwater well pumps and transmission main.

There were 4.05 miles of water mains added to the water distribution system during the year, of which 1.49 miles (estimated cost of $0.70 million) were installed by developers who transferred ownership to the District.

The number of metered customers served by the District increased from 20,579 to 21,071, an increase of 2.39%. Steady growth continues to create a need for additional resources to efficiently maintain the water system.

The District issued $12,775,000 in new revenue bonds to refinance the 2007 bond anticipation note. A rate increase of approximately 15.5% was approved by the West Virginia Public Service Commission to finance the Series 2013 revenue bonds. Although the District was not in compliance with its revenue bond required debt service coverage ratio as of June 30, 2014, the District believes that the rate increase will provide sufficient revenue to achieve compliance for the fiscal year ending June 30, 2015.

USING THIS ANNUAL REPORT

This annual report consists of three parts: Management's Discussions and Analysis, Financial Statements, and Required Supplemental Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

USING THIS ANNUAL REPORT (continued)

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 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 **Statements of Revenues, Expenses, and Changes in Net Position**. 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 Statements of Cash Flows provides information about the District's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and noncapital financing activities. It also 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 year?".

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

One of the most important questions 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 Change in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in it. You can think of the District's net position (the difference between assets and liabilities) as one way to measure financial health or financial position. Over time, increases and decreases in the District's net position 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 position decreased by $0.27 million from last year. Our analysis below focuses on the District's net position (Table 1) and changes in net position (Table 2) during the year.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table 1	2014	2013
Capital assets (net)	$ 112,608,258	$ 110,064,169
Current and other assets	14,564,667	19,273,062
Total Assets	$ 127,172,925	$ 129,337,231
Long-term debt outstanding	$ 67,391,442	$ 56,748,128
Other liabilities	3,270,582	15,811,063
Total liabilities	$ 70,662,024	$ 72,559,191
Net Assets:		
Invested in capital assets, net of debt	$ 45,123,718	$ 41,322,215
Restricted	9,083,024	13,502,404
Unrestricted	2,304,159	1,953,421
Total net position	$ 56,510,901	$ 56,778,040

Changes in the District's net position can be determined by reviewing the following condensed Statement of Revenue, Expenses, and Changes in Net Position for the year.

Table 2	2014	2013
Net operating revenues	$ 11,016,247	$ 9,948,659
Interest and other income	31,299	35,207
Total Revenues	11,047,546	9,983,866
Operating expenses	5,626,322	5,308,497
Interest expense	2,758,465	2,848,586
Other (income) expenses	177,855	134,781
Depreciation	3,828,214	3,696,664
Total expenses	12,390,856	11,988,528
Excess of revenues over expenses	(1,343,310)	(2,004,662)
Capital contributions	1,076,171	466,239
Change in net position	(267,139)	(1,538,423)
Net position at beginning of year	56,778,040	58,316,463
Net position at end of year	$ 56,510,901	$ 56,778,040

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Total Operating Revenues reflect a 10.73% increase in 2014 compared to 2013 due mainly to the rate increase that became effective during the past year. Water sales also increased as a result of growth in the number of customer connections. Interest income was less in 2014 because the District had fewer funds to invest compared to the year before.

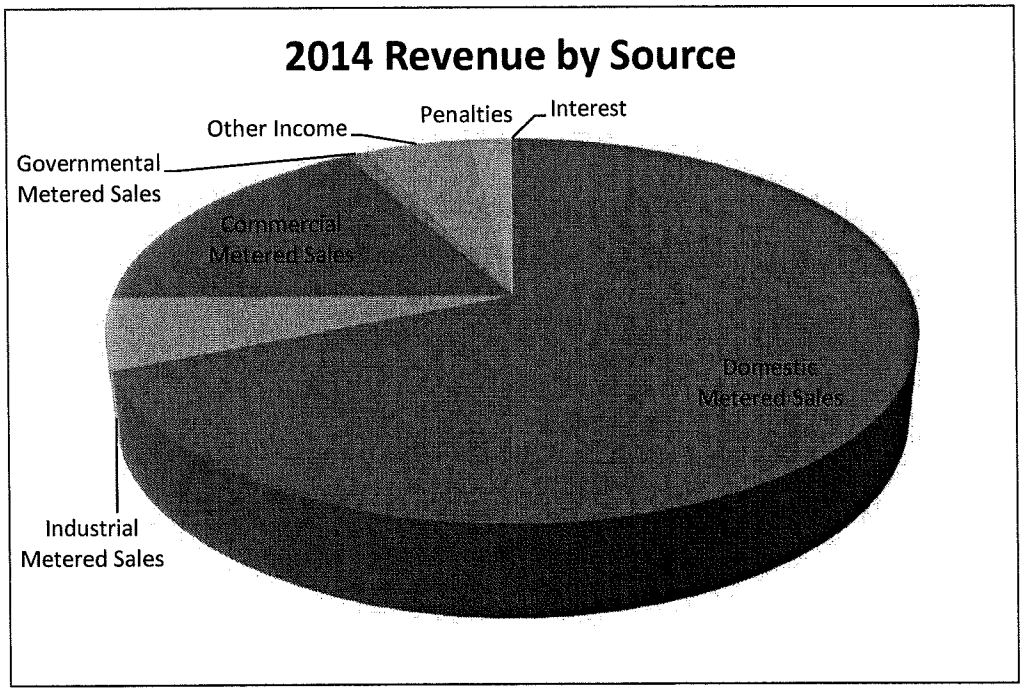
Operating expenses increased by approximately 5.99% in 2014 compared to 2013 due primarily to higher costs for power, chemicals, purchased water, maintenance, wages, and health insurance.

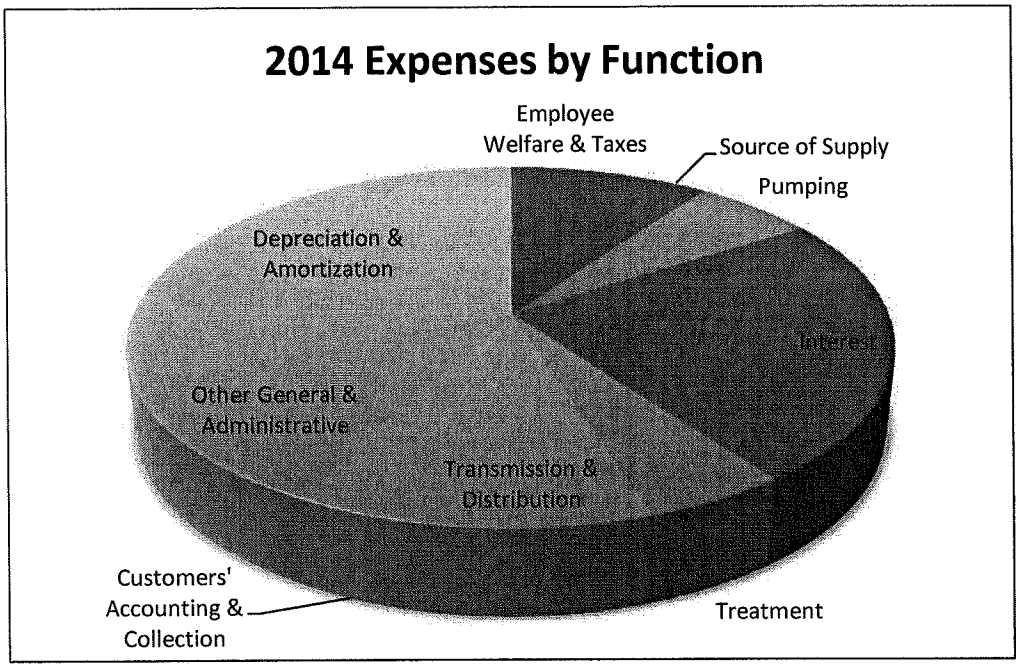
THE DISTRICT'S FUNDS

The District is operated as a proprietary or enterprise fund venture. As such the District operates **six** primary cash fund types. The **General Cash Fund** has been established since the District's inception to report charges to water customers and for services provided to them. The **Renewal and Replacement (R&R) Cash Fund** is required by bond documents and is used to provide replacements of capital equipment and vehicles and for major repairs to water production and storage equipment. The **Construction Cash Fund** is used for the orderly disbursement of bond monies to complete approved projects. The **Security Deposit Cash Fund** is used strictly as an escrow depository for customer security deposits. The **Tank Maintenance Cash Fund** provides for the systematic completion of required maintenance of the District's water storage tanks. The **Membrane Replacement Fund** provides for the replacement of the membrane filtration units at the Potomac River Water Filtration Plant.

Budgetary highlights

The District's Board of Directors adopted the Operating Budget of $11,746,300 for FY 2013/2014 on May 29, 2013. Major differences between budgeted and actual amounts per budgetary basis on the Budgetary Comparison Schedule on page 35 are as follows: Income from metered water sales of all customer categories except Industrial exceeded budget, resulting from the rate increase that went into effect earlier in the fiscal year than was anticipated; the refund from the West Virginia Municipal Bond Commission was greater than anticipated; with the higher revenue, the District had no need to borrow funds for daily operations; electricity and chemical costs for water treatment were greater than budgeted; less water was purchased than anticipated; the District moved into the new Operations Center earlier than expected, reducing rent expenses; and capital expenditures fell below budget because a planned water main project was postponed.


2014 Revenue by Source
Other Income
Penalties
Interest
Governmental Metered Sales
Commercial Metered Sales
Domestic Metered Sales
Industrial Metered Sales


2014 Expenses by Function
Employee Welfare & Taxes
Source of Supply
Pumping
Depreciation & Amortization
Interest
Other General & Administrative
Transmission & Distribution
Customers' Accounting & Collection
Treatment

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2014 Fiscal Year, the District had $112 million invested in a broad range of capital assets, including water treatment plants water transmission and distributions mains, water storage facilities, pump stations and pressure reducing stations. This amount represents a net increase (including additions and deductions) of $2.53 million, or 2.30% over the 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, 2014 and 2013.

Table 3	2014	2013
Land	$ **1,392,463**	$ 1,392,463
Source of supply & pumping plant	**9,428,413**	8,103,227
Water treatment plant	**20,931,328**	21,598,729
Transmission and distribution plant	**73,546,849**	71,348,923
General plant and equipment	**6,960,971**	1,807,472
Construction work in progress	**348,234**	5,813,351
Net utility plant	$ **112,608,258**	$ 110,064,165

This year's major additions included:

Source of supply & pumping plant	$ 1.68 million
Water treatment plant	$ .00 million
Transmission and distribution plant	$ 4.77 million
General plant and equipment	$ 5.37 million

The District awarded professional design contracts for the following projects:

FY 2013
- None

FY 2014
- None

CAPITAL ASSETS AND DEBT ADMINSTRATION (continued)

The District's 2015 capital budget plans for investing $0.87 million in capital additions and equipment, including the following:

New equipment at water plants
Service connections and meters
Main line extensions and fire hydrants
Water main and service line replacement
Transportation equipment
Tools and equipment
Office furniture and equipment

Berkeley County Public Service District

Balance Sheets

June 30, 2014 and 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and temporary investments	$ **543,201**	$ 514,403
Accounts receivable - customers (net of allowance for doubtful accounts of $42,000 and $42,000 respectively)	**1,931,661**	1,600,259
Inventory	**234,659**	165,495
Other current assets	**77,225**	76,309
Total current assets	**2,786,746**	2,356,466
RESTRICTED ASSETS		
Debt service funds	**2,104,220**	1,958,475
Debt service reserve funds	**4,736,879**	4,540,886
Construction funds	**512,269**	5,984,435
Renewal and replacement funds	**1,715,530**	1,838,500
Customer deposits	**476,442**	460,323
Capacity improvement fees	**-**	112,702
Total restricted assets	**9,545,340**	14,895,321
Total current and restricted assets	**12,332,086**	17,251,787
UTILITY PLANT		
Utility plant in service	**154,673,875**	143,496,060
Construction in progress	**348,234**	5,813,351
Less accumulated depreciation	**(42,413,851)**	(39,245,242)
Net utility plant	**112,608,258**	110,064,169
OTHER ASSETS		
Unamortized debt issue expense	**2,232,581**	2,021,275
Total assets	$ **127,172,925**	$ 129,337,231

See accompanying notes and independent auditors' report.

Berkeley County Public Service District

BALANCE SHEETS (Continued)

June 30, 2014 and 2013

LIABILITIES

	2014	2013
CURRENT LIABILITIES (payable from current assets)		
Leases payable (due within one year)	$ 51,987	$ 51,553
Accounts payable	265,746	153,292
Accrued expenses	111,108	164,549
Accrued payroll taxes	2,856	2,863
Total current liabilities (payable from current assets)	431,697	372,257
CURRENT LIABILITIES (payable from restricted assets)		
Advances for construction - developers	27,972	-
Revenue bonds payable (due within one year)	1,972,697	1,485,926
Bond anticipation notes payable (due within one year)	-	12,000,000
Accrued interest expense	375,900	559,962
Construction payables	-	946,108
Customer deposits	462,316	446,810
Total current liabilities (payable from restricted assets)	2,838,885	15,438,806
Total current liabilities	3,270,582	15,811,063
LONG-TERM LIABILITIES		
Advances for construction - developers	449,510	582,422
Leases payable	734,993	788,092
Net OPEB obligation	102,877	82,340
Revenue bonds payable	66,361,896	55,559,592
Less: unamortized deferred loss	(257,834)	(264,318)
Total long-term liabilities	67,391,442	56,748,128
Total liabilities	70,662,024	72,559,191

NET POSITION

NET POSITION		
Invested in capital assets, net of related debt	45,123,718	41,322,215
Restricted for debt and construction	9,083,024	13,502,404
Unrestricted	2,304,159	1,953,421
Total net position	56,510,901	56,778,040
Total liabilities and net position	$ 127,172,925	$ 129,337,231

See accompanying notes and independent auditors' report.

Berkeley County Public Service District

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Metered water sales		
Domestic	$ 7,656,378	$ 6,807,245
Commercial	1,802,091	1,625,262
Industrial	608,609	613,455
Governmental	159,020	141,395
Customers' forfeited discounts and penalties	236,162	214,200
Other operating income	553,987	547,102
Total operating revenues	11,016,247	9,948,659
OPERATING EXPENSES	5,626,322	5,308,497
Operating income before depreciation	5,389,925	4,640,162
DEPRECIATION	3,828,214	3,696,664
Operating income	1,561,711	943,498
NON-OPERATING INCOME (EXPENSES)		
Interest earned	24,819	35,207
Gain on disposal of utility plant	6,480	-
Miscellaneous non-utility expense	(57,556)	-
Interest expense	(2,758,465)	(2,848,586)
Amortization	(120,299)	(134,781)
Total non-operating income (expense)	(2,905,021)	(2,948,160)
Decrease in net position before capital contributions	(1,343,310)	(2,004,662)
CAPITAL CONTRIBUTIONS	1,076,171	466,239
Decrease in net position	(267,139)	(1,538,423)
Net position at beginning of year as previously reported	56,778,040	58,380,880
Prior period adjustment - error in prepaid expenses	-	(64,417)
Net position at end of year	$ 56,510,901	$ 56,778,040

See accompanying notes and independent auditors' report.

Berkeley County Public Service District

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 10,700,351	$ 9,848,060
Cash payments for goods and services	(2,712,362)	(2,336,952)
Cash payments for employee services	(2,966,256)	(3,104,043)
Net cash provided by operating activities	5,021,733	4,407,065
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	24,819	35,207
Maturities, redemptions and (purchases) of certificates of deposit (net)	(54,535)	(204,782)
Net cash used in investing activities	(29,716)	(169,575)
CASH FLOWS FROM CAPTIAL AND RELATED FINANCING ACTIVITIES		
Proceeds from revenue bond payable	12,775,000	7,800,000
(Payments on) proceeds from line of credit (net)	-	(261,000)
Proceeds from utility plant disposal	6,480	-
Principal payments on revenue bonds payable	(1,485,925)	(1,447,997)
Principal payments on bond anticipation notes	(12,000,000)	-
Proceeds from capital lease payable	-	90,722
Principal payments on capital lease payable	(52,665)	(32,304)
Interest paid	(2,943,373)	(2,818,483)
Proceeds from (payments for) advances for construction-developers	(104,940)	426,157
Payments on construction payable	(946,108)	-
Payments made for issuance cost	(331,605)	(358,477)
Acquisition and construction of capital assets	(5,304,851)	(4,092,406)
Payments received for service connections	20,250	21,150
Payments (made for) received for capital improvement fees	-	(168,480)
Net cash used in capital and related financing activities	(10,367,737)	(841,118)
Net increase in cash and cash equivalents	(5,375,720)	3,396,372
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,909,966	10,513,594
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 8,534,246	$ 13,909,966
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	$ 1,561,711	$ 943,498
Depreciation	3,828,214	3,696,664
Adjustments for changes in operating assets and liabilities:		
Receivables, net	(331,402)	(121,015)
Inventories	(69,164)	5,773
Other operating assets	(916)	(27,246)
Payables including trade and payroll	50,688	(69,723)
OPEB payable	20,537	(82,508)
Accrued expenses and other operating liabilities	(37,935)	61,622
Net cash provided by operating activities	$ 5,021,733	$ 4,407,065
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Main line extensions contributed by developers	$ 1,055,921	$ 613,569
Revenue bonds/bond anticipation note refinanced	$ 12,000,000	$ 7,425,000

See accompanying notes and independent auditors' report.

GENERAL

The Berkeley County Public Service District ("District") is a public corporation created under the law 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 designated 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 position (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 position.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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 principle ongoing operations. The principle 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 revenue and expenses.

Assets, Liabilities and Net Position

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 average cost 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 a straight-line method at various rates calculated to allocate the cost 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, 2014 and 2013 was $132,370 and $93,254, 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 estimated useful lives at June 30, 2014 and 2013, 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
Vehicle	5-10 years
Shop and garage equipment	5-25 years

Construction work in progress represents costs accumulated for the replacement of sections of the District's transmission and distribution systems, plan 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 vacation leave upon termination or retirement. The District accrues 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 $53,677 and $59,570 at June 30, 2014 and 2013, respectively.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of outstanding debt during the year.

Net Position Classifications

Net position is 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 position - consists of net position 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 position - all other net position 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 consists of the following accounts and amounts at June 30, 2014 and 2013:

	2014	2013
Operation and maintenance	$ 5,583	$ 14,968
Other cash	900	900
Revenue fund - cash	334,705	268,131
Revenue fund - certificates of deposit	202,013	230,404
Total	$ 543,201	$ 514,403

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 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 (WV PSC). Per order of the WV PSC, the District no longer collects these fees, but is still restricted in regard to use of previously collected fees still held on deposit.

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, 2014, the District's cash and investment balances were as follows:

Investment Type	Maturities	Standard and Poor Credit Rating		Fair Value
Repurchase Agreements	Daily		$	233,393
State Investment Pool	Average of 90 Days	AA-		7,337,275
Total investments				7,570,668
Cash and Certificates of Deposit				2,517,873
Total Cash, Certificates of Deposit, and Investments			$	10,088,541

Credit Risk

State statues authorize the government to invest in the State Investment Pool or the Municipal Commissions 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 deeds of trust 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 the 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.

DEPOSITS AND INVESTMENTS (continued)

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, 2014, $1,788,200 of the District's bank balance of $2,804,274 was exposed to custodial credit risk. Of the bank balance, $1,201,920 was covered by Federal Deposit Insurance (FDIC). Of the remaining balance of $1,602,354, $1,368,961 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name, and $233,393 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, 2014 and 2013.

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance at July 1, 2012	Additions	Retirements	Balance at June 30,2013
Capital assets not being depreciated:				
Construction in progress	$ 1,896,664	$ 4,663,338	$ 746,651	$ 5,813,351
Land	1,394,090	-	-	1,394,090
Total not being depreciated	3,290,754	4,663,338	746,651	7,207,441
Other capital assets:				
Land improvements	140,919	-	-	140,919
Utility plant and equipment	65,441,147	671,936	48,069	66,065,014
Water lines, meters and hydrants	70,845,044	941,423	582,078	71,204,389
Office equipment and furniture	422,474	15,888	41,157	397,205
Vehicles	2,728,549	26,633	-	2,755,182
Shop, garage, and other equipment	1,470,249	79,517	10,505	1,539,261
Total other capital assets	141,048,382	1,735,397	681,809	142,101,970
Less accumulated depreciation:				
Land improvements	82,104	3,295	-	85,399
Utility plant and equipment	17,568,430	1,409,114	48,069	18,929,475
Water lines, meters and hydrants	16,268,789	2,117,033	582,078	17,803,744
Office equipment and furniture	289,074	21,122	41,157	269,039
Vehicles	1,066,347	99,919	-	1,166,266
Shop, garage, and other equipment	955,643	46,181	10,505	991,319
Total accumulated depreciation	36,230,387	3,696,664	681,809	39,245,242
Net capital assets	$ 108,108,749	$ 2,702,071	$ 746,651	$ 110,064,169

CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance at July 1, 2013	Additions	Retirements	Balance at June 30,2014
Capital assets not being depreciated:				
Construction in progress	$ 5,813,351	$ 4,904,594	$ 10,369,711	$ 348,234
Land	1,392,463	-	-	1,392,463
Total not being depreciated	7,205,814	4,904,594	10,369,711	1,740,697
Other capital assets:				
IP Organization	599	-	599	-
Source of supply & pumping plant	17,290,510	1,685,601	13,145	18,962,966
Water treatment plant	25,701,038	2,402	5,796	25,697,644
Transmission and distribution plant	95,141,971	4,769,443	426,521	99,484,893
General plant and equipment	3,969,475	5,379,978	213,544	9,135,909
Total other capital assets	142,103,593	11,837,424	659,605	153,281,412
Less accumulated depreciation:				
Source of supply & pumping plant	9,187,283	360,415	13,145	9,534,553
Water treatment plant	4,102,309	669,803	5,796	4,766,316
Transmission and distribution plant	23,793,048	2,571,517	426,521	25,938,044
General plant and equipment	2,162,602	226,479	214,143	2,174,938
Total accumulated depreciation	39,245,242	3,828,214	659,605	42,413,851
Net capital assets	$ 110,064,165	$ 12,913,804	$ 10,369,711	$ 112,608,258

REVENUE BONDS PAYABLE

The District is obligated under certain bond resolutions with respect to the following revenue bonds outstanding as of June 30, 2014 and 2013:

	2014	2013
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 $40,229 including 7.75% interest;	**$ 413,378**	$ 423,874
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;	**8,136**	8,588
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%;	**8,115,421**	8,305,985

REVENUE BONDS PAYABLE (Continued)

	2014	2013
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%;	$ **550,485**	$ 562,069
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;	**1,751,516**	1,780,339
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;	**885,000**	1,015,000
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;	**1,505,657**	1,619,663
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;	**9,575,000**	9,660,000
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;	**2,245,000**	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%;	**9,500,000**	9,500,000

REVENUE BONDS PAYABLE (Continued)

	2014	2013
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%;	$ **6,395,000**	$ 6,645,000
Series 2012A water revenue bonds in the original amount of $7,425,000, principal payable in annual installments at varying amounts and semi-annual interest at varying rates averaging 2.07%; interest payments beginning June 2013 at 1.00% and principal payments beginning December 2013 and concluding December 2024 including 2.38% interest;	**6,840,000**	7,425,000
Series 2012B water revenue bonds in the original amount of $7,800,000, principal payable in annual installments at varying amounts and semi-annual interest at varying rates averaging 3.12%; interest payments beginning June 2013 at 1.00% and principal payments beginning December 2013 and concluding December 2032 including 3.25% interest;	**7,775,000**	7,800,000
Series 2013A water revenue bonds in the original amount of $9,900,000, principal payable in annual installments at varying amounts and semi-annual interest at varying rates averaging 3.95%; interest payments beginning June 2014 at 2.00% and principal payments beginning December 2014 and concluding December 2033 including 4.5% interest;	**9,900,000**	-
Series 2013B water revenue bonds in the original amount of $2,875,000, principal payable in annual installments at varying amounts and semi-annual interest at varying rates averaging 3.04%; interest payments beginning June 2014 at 1.4% and principal payments beginning December 2014 and concluding December 2020 including 3.95% interest;	**2,875,000**	-
	$ **68,334,593**	$ 57,045,518

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, 2014 are as follows:

Year Ending June 30:	Principal	Interest	Total
2015	$ 1,972,697	$ 2,752,928	$ 4,725,625
2016	2,030,829	2,696,060	4,726,889
2017	2,095,405	2,632,901	4,728,306
2018	2,166,518	2,561,789	4,728,307
2019	2,244,262	2,481,892	4,726,154
2020-2024	13,247,369	11,033,116	24,280,485
2025-2029	17,037,146	8,048,683	25,085,829
2030-2034	19,031,429	4,035,933	23,067,362
2035-2039	8,384,097	749,733	9,133,830
2040	124,841	3,620	128,461
Total	$ 68,334,593	$ 36,996,655	$ 105,331,248

The revenue bond issues are secured by a lien on the revenues derived from the system and a statutory mortgage lien on the system plant.

	Balance at July 1, 2012	Additions	Deductions	Balance at June 30,2013
Sewer revenue bonds:				
Series B 1993	$ 433,615	$ -	$ 9,742	$ 423,873
Series C 1993	9,041	-	452	8,589
Series D 1993	8,484,498	-	178,513	8,305,985
Series 1996	572,972	-	10,903	562,069
Series 2001	1,807,581	-	27,242	1,780,339
Series B 2003	1,140,000	-	125,000	1,015,000
Series C 2003	1,728,241	-	108,578	1,619,663
Series 2004	7,840,000	-	7,840,000	-
Series 2006	9,735,000	-	75,000	9,660,000
Series 2007	2,300,000	-	-	2,300,000
Series 2008	9,500,000	-	-	9,500,000
Series 2009	6,940,000	-	295,000	6,645,000
Series 2012 A	-	7,425,000	-	7,425,000
Series 2012 B	-	7,800,000	-	7,800,000
Total water revenue bonds payable	$ 50,490,948	$ 15,225,000	$ 8,670,430	$ 57,045,518
Less: Current portion due in upcoming year:				1,485,926
Long-term water revenue bonds payable at June 30, 2013 (net of current portion)				$ 55,559,592

REVENUE BONDS PAYABLE (Continued)

	Balance at July 1, 2013	Additions	Deductions	Balance at June 30,2014
Sewer revenue bonds:				
Series B 1993	$ 423,873	$ -	$ 10,495	$ 413,378
Series C 1993	8,589	-	453	8,136
Series D 1993	8,305,985	-	190,564	8,115,421
Series 1996	562,069	-	11,584	550,485
Series 2001	1,780,339	-	28,823	1,751,516
Series B 2003	1,015,000	-	130,000	885,000
Series C 2003	1,619,663	-	114,006	1,505,657
Series 2006	9,660,000	-	85,000	9,575,000
Series 2007	2,300,000	-	55,000	2,245,000
Series 2008	9,500,000	-	-	9,500,000
Series 2009	6,645,000	-	250,000	6,395,000
Series 2012 A	7,425,000	-	585,000	6,840,000
Series 2012 B	7,800,000	-	25,000	7,775,000
Series 2013 A	-	9,900,000	-	9,900,000
Series 2013 B	-	2,875,000	-	2,875,000
Total water revenue bonds payable	$ 57,045,518	$ 12,775,000	$ 1,485,925	$ 68,334,593
Less: Current portion due in upcoming year:				1,972,697
Long-term water revenue bonds payable at June 30, 2014 (net of current portion)				$ 66,361,896

The significant covenants contained in the bond issues are as follows:

	2014	2013
Actual coverage ratio	115%	122%
Required coverage ratio	120%	120%
Required annual additions to renewal and replacement fund	$ 275,375	$ 236,080
Required future debt service reserve	$ 4,729,626	$ 5,526,619

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, 2014 the District is not in compliance with its revenue bond required debt service coverage ratio. However, with its recent rate increase of approximately 15.5%, the District anticipates being compliant with its required debt service coverage ratio starting in the fiscal year that ends June 30, 2015. At June 30, 2013 the District was in compliance with its revenue bond required debt service coverage ratio.

During the fiscal year ended June 30, 2013, the District issued Series 2012A bonds to refinance the Series 2004 bonds. The District recognized a $202,568 loss in relation to the refinance, to be amortized over the life of the new bonds issued. During the fiscal year ended June 30, 2014, the District issued Series 2013A and 2013B bonds to refinance the Series 2007 bond anticipation note. The District recognized a $26,664 loss in relation to the refinance, to be amortized over the life of the new bonds issued.

BOND ANTICIPATION NOTE PAYABLE

The District was obligated under certain bond resolutions with respect to the following revenue bonds outstanding as of June 30, 2014 and 2013:

	2014	2013
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. Refinanced with the 2013A and 2013B bonds.	$ -	$ 12,000,000

The bond anticipation note issue was 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 1, 2012	Additions	Deductions	Balance at June 30,2013
Long-term bond anticipation note payable:				
Series 2007	$ 12,000,000	$ -	$ -	$ 12,000,000

	Balance at July 1, 2013	Additions	Deductions	Balance at June 30,2014
Long-term bond anticipation note payable:				
Series 2007	$ 12,000,000	$ -	$ 12,000,000	$ -

The significant covenants contained in the bond issue are as follows:

	2013
Actual coverage ratio	107%
Required coverage ratio	100%
Required annual additions to renewal and replacement fund	$ 236,080
Required future debt service reserve	$ 1,000,000

The above actual coverage ratio excludes the 2007 bond anticipation note principal. This issue was 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, 2013 the District was 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, 2014 and 2013 was $0 and $0, respectively.

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.

On February 20, 2013, the District entered into a capital lease financing agreement with Branch Banking & Trust (BB&T). The amount financed was $90,722, at an annual interest rate of 1.94%. Under the agreement, the District pays BB&T monthly principal and interest payments beginning March 20, 2013, and ending four years later on February 20, 2017. At the end of the lease, ownership of the leased equipment is transferred to the District for the sum of $10.

Minimum future lease payments under capital leases as of June 30, 2014, for each of the next five years in the aggregate, are:

Year Ending June 30:		
2015	$	81,020
2016		81,020
2017		73,157
2018		57,430
2019		57,430
2020-2024		287,151
2025-2029		287,151
2030-2032		119,646
Total minimum lease payments		1,044,005
Less: amount representing interest		257,026
Present value of net minimum lease payments	$	786,979

In addition to leasing the water distribution main, the District committed to purchase a minimum of 25,000 gallons of water per day from the City. Based on the City's tariff, the minimum purchase amount was $33,150 for the year ended June 30, 2014.

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 purchase a minimum of 200,000 gallons of water per day 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 estimate 5.8% interest rate in effect over the term of this agreement (40 years). Based on the City's tariff, the minimum purchase amount was $262,204 for the year ended June 30, 2014.

OPERATING LEASES

The District entered into an operating lease for administrative space on October 1, 2001. Rental expense charged to income for the years ended June 30, 2014 and 2013 was $38,141 and $48,966, respectively. This lease was terminated on March 31, 2014.

The District also entered into an operating lease for shop facilities on August 26, 2011. Rental expense for the years ended June 30, 2014 and 2013 was $26,667 and $35,556, respectively. This lease was terminated on March 31, 2014.

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 2040, if all renewal periods are elected. Monthly rents related to these agreements range from $600 - $2,460. Non-operating rental income for the years ended June 30, 2014 and 2013 was $169,949 and $147,439, 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. Also included in this account are advanced payment received by the District as of June 30, 2014 and 2013 of $477,482 and $582,422, respectively. These are payment for lines to be installed in developments.

RETIREMENT PLAN

All full-time employees of the District are covered by the West Virginia Public Employees Retirement System, which is a cost-sharing multi-employer PERS.

All full-time employees are eligible and must participate in the State PERS. The pension plan provides 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 $2,097,238, $2,102,296, and $2,088,564 for the years ended June 30, 2014, 2013 and 2012, 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% of its covered payroll. Total contributions made during the fiscal years ended June 30, 2012 through 2014 amounted to $302,719, $388,835, and $384,014 respectively, of which $87,887, $94,513, and $90,762 was made by employees. The above contributions represent 100% of the required contributions to the plan. Information regarding this plan is available from the state of West Virginia.

CONSTRUCTION IN PROGRESS

At June 30, 2014, construction in progress consisted of various water upgrade projects and studies.

Project 948 relates to water system capital improvements, namely easement acquisition for a water transmission main. As of June 30, 2014, 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, 2014, expenditures totaling $1,054,782 had been incurred on this project of which $866,347 had been completed and added to utility plant in service leaving $188,435 as construction in progress at June 30, 2014. The total project 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, 2014, expenditures totaling $140,874 had been incurred on this project, which is expected to cost approximately $2,920,000 upon completion.

Project 803 relates to Bunker Hill townhomes 16" water main. As of June 30, 2014, expenditures totaling $7,717 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 position are capital contributions, which represent management's estimate of the value of mainline extensions contributions 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 $1,055,921 and $613,569 for the years ended June 30, 2014 and 2013, respectively. Total capital contributions in the income statement consist of the following:

	2014	2013
Mainline extensions, hydrants, and services	$ 1,055,921	$ 613,569
Service connection fees	20,250	21,150
Capacity improvement fee (refunded)/collected	-	(168,480)
Total capital contributions	$ 1,076,171	$ 466,239

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash and cash equivalents consist of the following at June 30, 2014 and 2013:

	2014	2013
Operation and maintenance	$ 6,483	$ 15,868
Revenue fund	536,718	498,535
Debt service funds	2,104,220	1,958,475
Debt service reserve funds	4,736,879	4,540,886
Construction fund	512,269	5,984,435
Renewal and replacement fund	611,145	755,164
Security deposit funds	26,532	43,899
Capacity improvement fees	-	112,702
Total	$ 8,534,246	$ 13,909,964

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 resulting from the adoption as follows:

Fiscal Year:	Long-term Liabilities	Related Expenses
2014	$ 102,877	$ 20,537
2013	$ 82,340	$ (82,508)
2012	$ 164,848	$ 61,791

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 cost each year and amortize any unfunded liabilities over a period of thirty (30) years. As of July 1, 2012, 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:

	2014	2013
Normal cost	**$ 6,124**	$ 6,124
Amortization of unfunded	**14,532**	14,532
Interest	**436**	436
Annual required contribution	**$ 21,092**	$ 21,092
Annual required contribution	**$ 21,092**	$ 21,092
Interest on net OPEB obligation	**-**	2,078
Adjustment to annual required contribution	**-**	(3,431)
Annual OPEB	**21,092**	19,739
Contributions made	**(3,048)**	(3,846)
Increase in net OPEB obligation	**18,044**	15,893
Net OPEB obligation - beginning of year	**82,340**	164,848
Adjustment pursuant to current actuarial estimate	**2,493**	(98,401)
Net OPEB obligation - end of year	**$ 102,877**	$ 82,340

OTHER POST EMPLOYMENT BENEFITS (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for the years ended June 30, 2014 thru 2012:

Fiscal Year:	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation-End of year
2014	$ 21,092	14.45%	$ 102,877
2013	$ 21,092	18.23%	$ 82,340
2012	$ 61,791	7.52%	$ 164,848

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.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by 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, 2012
Actuarial cost method	Alternative measurement 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%

PRIOR PERIOD ADJUSTMENT

An Adjustment was made to correct an error by decreasing prepaid expenses by $64,417 to agree to actual balances as of June 30, 2013. The prior period adjustment had no effect on operations for the year ended June 30, 2014.

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.

SUBSEQUENT EVENTS

In preparing these financial statements, The District has evaluated events and transactions for potential recognition or disclosure through September 16, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Berkeley County Public Service District

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2014

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
07/01/12	$ -	$ 293,372	$ 293,372	N/A	N/A	N/A
07/01/09	$ -	$ 108,394	$ 108,394	N/A	N/A	N/A

Schedule of Contributions - Other Post Employment Benefits

Fiscal Year:	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed
2014	$ 21,092	14.45%
2013	$ 21,092	18.23%
2012	$ 61,791	7.52%
2011	$ 61,791	11.37%

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 District

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2014

	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	$ 7,007,500		$ 7,007,500		$ 7,656,378		$ -		$ 7,656,378
- commercial	1,680,700		1,680,700		1,802,091		-		1,802,091
- industrial	656,800		656,800		608,609		-		608,609
- governmental	145,400		145,400		159,020		-		159,020
Customers' forfeited discounts and penalties	216,300		216,300		236,162		-		236,162
Other operating income	1,012,600		1,012,600		553,987		-		553,987
Refunds and reimbursements	65,800		65,800		227,387	(E)	(227,387)		-
Total operating revenues	10,785,100		10,785,100		11,243,634		(227,387)		11,016,247
OPERATING EXPENSES	5,818,200		5,818,200		5,626,322		-		5,626,322
Operating income before depreciation	4,966,900		4,966,900		5,617,312		(227,387)		5,389,925
DEPRECIATION	-	(A)	-		-		3,828,214		3,828,214
Operating income (loss)	4,966,900		4,966,900		5,617,312		(4,055,601)		1,561,711
NON-OPERATING INCOME (EXPENSES)									
Interest income	36,400		36,400		24,819		-		24,819
Gain on disposal of utility plant	-		-			(A)	6,480		6,480
Miscellaneous non-utility expense	-		-		-	(A)	(57,556)		(57,556)
Interest expense	-	(B)	-		-		(2,758,465)		(2,758,465)
Amortization	-	(A)	-		-		(120,299)		(120,299)
Total non-operating income (expenses)	36,400		36,400		24,819		(2,929,840)		(2,905,021)
Decrease in net position before capital contributions	5,003,300		5,003,300		5,642,131		(6,985,441)		(1,343,310)
CAPITAL CONTRIBUTIONS	19,200		19,200		-	(A)	1,076,171		1,076,171
OTHER FINANCING SOURCES (USES)									
Line of credit proceeds	357,260		357,260		-	(E)	-		-
Renewal and replacement funds	301,340	(C)	301,340		258,532	(E)	(258,532)		-
Maintenance and Operating Reserve funds	247,000		247,000		-		-		-
Debt Service	(5,055,800)	(D)	(5,055,800)		(4,835,457)	(E)	4,835,457		-
Capital improvements	(872,300)		(872,300)		(5,304,851)	(E)	5,304,851		-
Total other financing sources (uses)	(5,022,500)		(5,022,500)		(9,881,776)		9,881,776		-
Increase (decrease) in net position	-		-		(6,639,580)		5,101,157		(267,139)
Net position at beginning of year	56,778,040		56,778,040		56,778,040		-		56,778,040
Net position at end of year	$ 56,778,040		$ 56,778,040		$ 50,138,460		$ 5,101,157		$ 56,510,901

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) Balance sheet transactions are excluded from revenues and expenses under GAAP.

See independent auditors' report.

Berkeley County Public Service District

BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2013

	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		$ 6,807,245		$ -		$ 6,807,245
- commercial	1,756,000		1,756,000		1,625,262		-		1,625,262
- industrial	654,000		654,000		613,455		-		613,455
- governmental	137,200		137,200		141,395		-		141,395
Customers' forfeited discounts and penalties	206,000		206,000		214,200		-		214,200
Other operating income	475,400		475,400		547,102		-		547,102
Refunds and reimbursements	5,000		5,000		5,000	(F)	(5,000)		-
Total operating revenues	10,366,000		10,366,000		9,953,659		(5,000)		9,948,659
OPERATING EXPENSES	5,547,000		5,547,000		5,308,497		-		5,308,497
Operating income before depreciation	4,819,000		4,819,000		4,645,162		(5,000)		4,640,162
DEPRECIATION	-	(A)	-		-		3,696,664		3,696,664
Operating income (loss)	4,819,000		4,819,000		4,645,162		(3,701,664)		943,498
NON-OPERATING INCOME (EXPENSES)									
Interest income	16,400		16,400		2,587	(G)	32,620		35,207
Interest expense	-	(B)	-		-		(2,848,586)		(2,848,586)
Amortization	-	(A)	-		-		(134,781)		(134,781)
Total non-operating income (expenses)	16,400		16,400		2,587		(2,950,747)		(2,948,160)
Increase in net position before capital contributions	4,835,400		4,835,400		4,647,749		(6,652,411)		(2,004,662)
CAPITAL CONTRIBUTIONS	7,700	(H)	7,700		(168,480)		634,719	(A)	466,239
OTHER FINANCING SOURCES (USES)									
Renewal and replacement funds	260,000	(C)	260,000		240,037	(F)	(240,037)		-
Debt Service	(4,717,000)	(D)	(4,717,000)		(7,266,480)	(F)	7,266,480		-
Capital improvements	(391,300)	(E)	(391,300)		(4,092,406)	(F)	4,092,406		-
Total other financing sources (uses)	(4,848,300)		(4,848,300)		(11,118,849)		11,118,849		-
Increase in net assets	(5,200)		(5,200)		(6,639,580)		5,101,157		(1,538,423)
Net assets at beginning of year	58,380,880		58,380,880		58,380,880		-		58,380,880
Net assets at end of year	$ 58,375,680		$ 58,375,680		$ 51,741,300		$ 5,101,157		$ 56,842,457

Notes

(A) Non-cash items are not included for budgetary purposes.
(B) Interest expense is included in Debt Service for budgetary purposes.
(C) Tank maintenance fund transfers are also included for budgetary purposes.
(D) Includes principal, interest, and funding of debt service and reserve funds. Also includes other debt payments, renewal and replacement funding, tank maintenance funding and developer refunds.
(E) Amounts exclusive of improvements financed with bond proceeds which were not included for budgetary purposes.
(F) Balance sheet transactions are excluded from revenues and expenses under GAAP.
(G) Interest earned on debt service funds or other restricted assets are not included for budgetary purposes.
(H) Capacity improvements fees only.

See independent auditors' report.

SUPPLEMENTAL INFORMATION

Berkeley County Public Service District

SCHEDULE OF OPERATING EXPENSES

For the years ended June 30, 2014 and 2013

	2014	2013
Source of supply expenses		
Maintenance of sources of supply	$ 26,382	$ 29,514
Operation supervision and labor	11,237	10,356
Water purchased	302,859	289,030
Miscellaneous expenses	82,186	81,687
Rents	1,560	1,560
Total	424,224	412,147
Pumping system expenses		
Power purchased	474,426	426,774
Pumping supervision and labor	246,236	246,849
Maintenance of treatment system	56,388	13,163
Total	777,050	686,786
Treatment expenses		
Operation supervision and labor	216,414	213,127
Chemical treatment	238,544	199,769
Miscellaneous expenses	108,571	108,027
Maintenance of treatment system	62,075	46,817
Total	625,604	567,740
Transmission and distribution expenses		
Operation supervision and labor	680,640	672,701
Miscellaneous expenses	148,556	129,880
Maintenance of distribution mains	216,850	180,870
Rent - building and equipment	38,141	48,966
Rent - railroad right of way	5,325	4,025
Total	1,089,512	1,036,442
Customers' accounting and collection expenses		
Meter reading	18,670	47,498
Accounting and collection	419,953	419,813
Total	438,623	467,311
General and administrative expenses		
Salaries and wages	681,228	645,968
Office and general supplies	60,673	39,219
Outside services	54,177	113,901
Employee welfare	941,195	807,457
Regulatory commission expense	33,359	31,272
Insurance	227,210	217,069
Miscellaneous expenses	92,257	106,356
Maintenance of equipment	12,079	5,295
Payroll taxes	169,131	171,534
Total	2,271,309	2,138,071
Total operating expenses	$ 5,626,322	$ 5,308,497

See independent auditors' report.

DECKER & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTING

Warm Springs Business Center · 64 Warm Springs Avenue · Martinsburg, WV 25404

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 District

We have audited, in accordance with the 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, the financial statements of the business- type activities of Berkeley County Public Service District ("District") as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing and opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge in governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we preformed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Decker & Company PLLC

September 16, 2014

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

February 26, 2015

Berkeley County Public Service District
Martinsburg, West Virginia

Assured Guaranty Municipal Corp.
New York, New York

Re: Berkeley County Public Service District, West Virginia,
Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified)

Ladies and Gentlemen:

We have acted as bond counsel to Berkeley County Public Service District, West Virginia (the "Issuer") and in such capacity have examined a record of proceedings relating to the issuance by the Issuer of its $9,450,000 aggregate principal amount of Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified) (the "Series 2015 A Bonds").

The Series 2015 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on January 12, 2015, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on January 12, 2015 (collectively, the "Bond Legislation"), and are subject to all the terms and conditions of the Bond Legislation. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Bond Legislation.

The Series 2015 A Bonds are issued in fully registered form, are dated their date of original issuance, February 26, 2015, mature on December 1, 2036 in the years and amounts, and bear interest payable each June 1 and December 1, commencing June 1, 2015 all as set forth in the Bond Legislation.

The Bond Legislation provides that the Series 2015 A Bonds are issued for the purpose, along with other funds of the Issuer available therfore, of (i) paying a portion of the cost of currently refunding the Issuer's Water Revenue Bonds, Series 2006 (Bank Qualified) dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds"); (ii) purchasing a municipal bond debt service reserve insurance policy from Assured Guaranty Municipal Corp. sufficient to satisfy the Debt Service Reserve Requirement for the Series 2015 A Bonds; (iii) to purchase a municipal bond insurance policy from Assured Guaranty Municipal Corp. to secure the payment of the Series 2015 A Bonds; and (iv) pay certain costs of issuance of the Series 2015 A Bonds and related costs. In connection with the current refunding, the Issuer has entered into a Prepayment Agreement, dated as of February 26, 2015 (the "Prepayment Agreement"), with the West Virginia Municipal Bond Commission, the Paying Agent.

The Series 2015 A Bonds have been sold to Robert W. Baird & Co. Incorporated (the "Original Purchaser"), pursuant to a competitive sale held January 29, 2015, with the assistance of Compass Municipal Advisors, LLC serving as Municipal Advisor to the Issuer.

As to questions of fact material to our opinion, we have relied upon representations and warranties of the Issuer, the Original Purchaser, the Municipal Advisor, and other entities; the representations and warranties contained in the Bond Legislation, the Continuing Disclosure Agreement, dated February 26, 2015 (the "Continuing Disclosure Agreement"), between the Issuer and United Bank, Inc., and the Tax Certificate and Agreement, dated the date hereof (the "Tax Certificate"), executed by the Issuer; the certified proceedings and other certifications of certain officials of the Issuer; and certifications of authorized representatives of the Issuer, Original Purchaser and the Municipal Advisor and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants and representations of the Issuer and others set forth in the Bond Legislation, the Continuing Disclosure Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing public service district under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Bond Legislation, enter into the Prepayment Agreement, the Continuing Disclosure Agreement and Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2015 A Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Bond Legislation, has authorized, executed and delivered the Prepayment Agreement, the Continuing Disclosure Agreement and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2015 A Bonds, and has issued and sold the Series 2015 A Bonds to the Original Purchaser. The Bond Legislation is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Prepayment Agreement, the Continuing Disclosure Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms. We have examined the executed and authenticated Series 2015 A Bonds of said issue, and, in our opinion, said Series 2015 A Bonds are in proper form and have been duly executed and authenticated.

4. The Series 2015 A Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from and secured by a first lien on the Net Revenues of the System, on a parity with the Issuer's: (i) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 and held by the West Virginia Water Development Authority (the "Series 1993 B Bonds"); (ii) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 and held by the West Virginia Water Development Authority (the "Series 1993 D Bonds"); (iii) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 and held by the West Virginia Water Development Authority (the "Series 1996 Bonds"); (iv) 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"); (v) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds"); (vi) Water Revenue Bonds, Series 2007 A (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 A Bonds"); (vii) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000 (the "Series 2008 Bonds"); (viii) Water Revenue Bonds, Series 2009 (Bank Qualified, dated February 17,

2009, and issued in the original aggregate principal amount of $7,510,000 (the "Series 2009 Bonds"); (ix) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012 issued in the aggregate principal amount of $7,425,000 (the "Series 2012 A Bonds"); (x) Water Revenue Bonds, Series 2012 B (Bank Qualified), dated December 20, 2012 issued in the aggregate principal amount of $7,800,000 (the "Series 2012 B Bonds"); (xi) Water Refunding Revenue Bonds, Series 2013 A (Bank Qualified) dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000 (the "Series 2013 A Bonds") and (xii) Water Refunding Revenue Bonds, Series 2013 B (Taxable), issued in the aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds"), and (xiii) Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), issued concurrently herewith in the aggregate principal amount of $_____ (the "Series 2015 B Bonds") (collectively, referred to herein as the "First Lien Bonds.")

There are also outstanding obligations of the Issuer which are subordinate to the Series 2015 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority (the "Series 1993 C Bonds" or the "Second Lien Bonds"). The First Lien Bonds and Second Lien Bonds are hereinafter collectively called the "Prior Bonds". The Series 2015 A Bonds are enforceable in accordance with their terms and the terms of the Bond Legislation, and are entitled to the benefits of the Bond Legislation and the Act.

5. The Series 2006 Bonds have been paid within the meaning and with the effect expressed in the Bond Resolution, as supplemented, pursuant to which they were issued, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 2006 Bonds have been satisfied and discharged.

6. 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 2015 A Bonds is excludable from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of calculating the alternative minimum tax on certain corporations (as defined for federal income tax purposes), such interest is taken into account as an adjustment to current earnings of such corporations.

Ownership of tax-exempt obligations, including the Series 2015 A Bonds, may result in collateral federal income tax consequences to certain taxpayers. We offer no opinion as to such collateral tax consequences or any other federal tax consequences arising with respect to the Series 2015 A Bonds. Prospective purchasers of the he Series 2015 A Bonds should consult their own tax advisors as to such consequences.

The portion of the Series 2015 A Bonds which are being used to refund the outstanding principal amount of the Series 2006 Bonds are "deemed designated" by the Issuer pursuant to Section 265(b)(3) of the Code. The Issuer has designated the remainder of the Series 2015 A Bonds as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code and covenanted that not more than $10,000,000 aggregate principal amount of obligations, including the portion of the Series 2015 A Bonds in excess of the outstanding principal amount of the Series 2006 Bonds and the Series 2015 B Bonds, the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code, including the portion of the Series 2015 A Bonds which have been "deemed designated" have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2015, all as determined in accordance with the Code.

The opinions set forth in the above paragraph 6 are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code") that must be satisfied for interest on the Series 2015 A Bonds to be or continue to be excludable from gross income for federal income tax purposes, and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2015 A Bonds set forth in the Bond Legislation, the Prepayment Agreement, the Tax Certificate and the certifications of the Issuer and others (collectively, the "Tax Covenants"). Failure to comply with the Tax Covenants could cause the interest on the Series 2015 A Bonds to be included in gross income retroactively to the date of issuance of the Series 2015 A Bonds.

7. Under the Act, the Series 2015 A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

8. The Series 2015 A Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2015 A Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2015 A Bonds and the enforceability of the Series 2015 A Bonds, the Bond Legislation, the Prepayment Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by 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 do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the Official Statement prepared and used in connection with the offering and sale of the Series 2015 A Bonds.

The opinions expressed in this letter are based upon the law in effect on the date hereof, and may be affected by actions taken or omitted or events occurring after the date hereof, including subsequent interpretations of the applicable law by competent judicial, regulatory and administrative authorities that modify, revoke, supplement, reverse, overrule or otherwise change applicable law and current interpretations thereof. We assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

This opinion is intended solely for the benefit of the addressee and may not be relied upon by any other person or entity without, in each such case, our express written consent.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") is made between United Bank, Inc., as dissemination agent (the "Dissemination Agent") and the Berkeley County Public Service District, West Virginia (the "Issuer"). By the terms of a resolution enacted by the Issuer on January 12, 2015, as supplemented by a Supplemental Resolution adopted by the Issuer on January 12, 2015 (collectively, the "Resolution"), the Issuer authorized the issuance of its $9,575,000 Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified) (the "Series 2015 A Bonds"). The Series 2015 A Bonds were sold to _____ (the "Participating Underwriter"). The parties agree as follows:

SECTION 1. Purpose of Agreement. This Agreement is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter complying with SEC Rule 15c2-12.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means, collectively, the Financial Information and Operating Data as herein defined.

"Audited Financial Statements" means the annual financial statements with respect to the System, whether included in the annual financial statements of the Issuer or prepared solely with respect to the System, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants or the Office of the Auditor of the State of West Virginia.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the then current Executive Director of the Issuer.

"Dissemination Agent" shall initially mean United Bank, Inc., or any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access System described in the 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Financial Information" means the Audited Financial Statements for the most recent fiscal year if available on the Due Date, and, if not then available, unaudited financial statements of the System for the most recent fiscal year, with the Audited Financial Statements for such fiscal year to be provided when available.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C. the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2009.

"Operating Data" shall mean the information regarding the System for the most recent fiscal year, as well as the four (4) immediately prior fiscal years, as reflected in the "Form of Filing of Operating Data" attached hereto as Exhibit B. The Issuer may amend and/or modify the Form of Filing of Operating Data one or more times prior to the maturity of the Bonds if such amendment or modification, in the reasonable opinion of the Issuer, at its sole discretion, provides either more information, or additional clarity with respect to information being provided, regarding the System.

"Participating Underwriter" shall mean the original underwriter of the Bonds who is required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and the State Repository, if any.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"System" shall mean the water treatment and distribution system of the Issuer as of the date of this Agreement, and all future additions, extensions and betterments thereto.

SECTION 3. Provision of Annual Financial Information.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the last day of the fiscal year (presently June 30) immediately following the end of the Issuer's fiscal year (presently June 30) for which disclosure is due (the "Due Date"), commencing with the Fiscal Year ending June 30, 2015, provide to EMMA the Annual Financial Information which is consistent with the requirements of this Agreement. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement. The Issuer shall provide the Dissemination Agent with a copy of the Annual Financial Information to be filed under this Agreement. If the Issuer's fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Dissemination Agent shall send written notice to the Issuer sixty (60) days prior to the Due Date of the Annual Financial Information that such information is due by the Due Date. Such notice from the Dissemination Agent shall include notification to the Issuer of any prior fiscal years for which Annual Financial Information is due.

(b) Not later than thirty (30) Business Days prior to the Due Date, the Issuer shall provide the Annual Financial Information to the Dissemination Agent. If by the Due Date the Dissemination Agent has not received all, or any portion of, the Annual Financial Information, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to EMMA all,

or any portion of, the Annual Financial Information by the date required in subsection (a), the Dissemination Agent shall (i) file with EMMA any portion of the Annual Financial Information which the Issuer has provided, and (ii) send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information has been provided to EMMA pursuant to this Agreement and the date provided.

SECTION 4. Content of Annual Financial Information. The Annual Financial Information shall include the Financial Information and the Operating Data, as defined in this Agreement.

Any or all of the items comprising the Annual Financial Information may be included by specific reference to other documents, including official statements of debt issues of the Issuer secured by the revenues of the System, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers or their failure to perform;

6. Adverse tax opinions, 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 Security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership, or similar event of the Issuer[1];

13. The consummation of a merger, consolidation or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the Issuer determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Issuer received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Issuer shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the Issuer. The Dissemination Agent will exercise its best efforts file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

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[1] For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

SECTION 7. Dissemination Agent. United Bank, Inc., Charleston, West Virginia is hereby appointed as Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Issuer and the Dissemination Agent may amend this Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Issuer) and any provision of this Agreement may be waived (and the Dissemination Agent shall agree to any waiver so requested by the Issuer), if such amendment or waiver is supported by an opinion of nationally recognized counsel expert in federal securities laws acceptable to the Issuer and the Dissemination Agent to the effect that such amendment or waiver should not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in, or official interpretation of, the Rule.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Financial Information or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer or Dissemination Agent to comply with any provision of this Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Dissemination Agent to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the Issuer or Dissemination Agent to comply with this Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and the Issuer agrees to the extent allowed by State law to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the District:	Berkeley County Public Service District 251 Caperton Blvd. Martinsburg, WV 25403 Attention: Executive Director
To the Dissemination Agent:	United Bank, Inc. 500 Virginia Street, East Charleston, WV 25301 Attention: Corporate Trust Department

SECTION 13. Beneficiaries. This Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Agreement and to rely upon an opinion of counsel.

[The remainder of this page intentionally left blank.]

IN WITNESS THEREOF, the Issuer and the Dissemination Agent have caused this Agreement to be executed by their respective duly authorized representatives this _____ day of _____, 2015.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Authorized Representative

UNITED BANK, INC., as Dissemination Agent

By: _____

Its: _____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE
ANNUAL FINANCIAL INFORMATION

Name of Issuer: Berkeley County Public Service District (West Virginia)

Name of Issue: $9,575,000 Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified)

Date of Issuance: _____, 2015

Notice is hereby given that the Issuer has not provided all [or a portion of] the Annual Financial Information with respect to the above-named Bonds as required by the Continuing Disclosure Agreement executed in connection with the above-referenced bond issue. [The portion of the Annual Financial Information which the District has not provided is _____.] The District anticipates that the Annual Financial Information, [or remaining Annual Financial Information,] will be filed by _____.

Dated this _____.

UNITED BANK, INC., as Dissemination Agent

EXHIBIT B

FORM OF FILING OF OPERATING DATA

Name of Issuer: Berkeley County Public Service District (West Virginia)

Name of Issue: $9,575,000 Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified)

Date of Issue: _____, 2015

Operating Data
For Fiscal Year Ended: June 30, 2014

In compliance with the requirements of the Continuing Disclosure Agreement executed by the Berkeley County Public Service District (West Virginia) in conjunction with the above-referenced bonds, the following Operating Data with respect to the System is provided for the above-stated fiscal year and, where noted, for the four (4) immediately preceding fiscal years.

SYSTEM OPERATING DATA

Debt Service Coverage

The Audited Financial Statements for the fiscal year ended June 30, 2014 with respect to the System which have been, or will be, filed as part of the Annual Financial Information include a calculation of debt service coverage, which is incorporated herein by reference.

WATER SYSTEM OPERATING DATA

Water Usage

Gallons Sold by Source (000 omitted)

Year Ended June 30	Residential	Commercial	Public Authorities	Industrial	Total
2014	901,989	287,636	24,216	130,143	1,343,984
2013	873,051	280,108	23,052	140,560	1,316,771
2012	888,919	291,817	22,818	145,703	1,349,257
2011	906,580	286,708	25,651	151,093	1,370,032
2010	876,444	283,412	22,119	138,136	1,320,111

Water Revenues by Source

Year Ended June 30	Residential	Commercial	Industrial	Public Authorities	Fire Protection	Total
2014	7,680,392	1,802,091	608,609	159,020	159,198	10,409,310
2013	6,835,390	1,625,262	613,455	141,395	155,150	9,370,652
2012	6,753,061	1,632,728	622,693	131,278	143,381	9,283,141
2011	6,989,577	1,639,866	659,048	147,968	137,387	9,573,846
2010	6,721,688	1,606,149	601,365	134,159	135,176	9,198,537

Customer History

Customer County by Type

Year Ended June 30	Residential	Commercial	Industrial	Public Authorities	Fire Protection	Total
2014	20,042	959	23	47	176	21,071
2013	19,400	938	23	43	162	20,566
2012	19,079	920	23	44	159	20,225
2011	18,822	917	23	43	149	19,961
2010	18,822	917	23	42	142	19,946

Major Users

Customer Name	Gallons	Percentage
Quad Graphics	69,059,800	5.12%
Ecolab	33,376,700	2.48%
IRS Facilities	26,897,400	1.99%
West Virginia Regional Jail	25,301,700	1.88%
WV Air National Guard	13,068,000	0.97%
Guardian Fiberglass	8,773,000	0.65%
World Color Martinsburg	5,710,000	0.42%
Whispering Woods LLC	5,405,300	14.67%
Cottages of Martinsburg	5,187,300	0.38%
Fasloc, Inc.	4,998,000	0.40%
Totals:	197,777,200	14.67%

APPENDIX E

FORM OF BOND AUTHORIZING RESOLUTION

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE REFUNDING OF THE SERIES 2006 BONDS AND THE FINANCING OF THE COSTS THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF WATER REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED), OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $10,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, 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 and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds, notes or refunding bonds, of which there are presently outstanding the Prior Bonds and the Series 2006 Bonds, as hereinafter defined;

WHEREAS, all of the Prior Bonds and Series 2006 Bonds, as hereinafter defined, were issued pursuant to resolutions of the Issuer previously enacted (such resolutions, as so amended and supplemented, collectively herein called the "Prior Resolutions");

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 (now the Berkeley County Council) dated June 28, 2001, the PSC and The County Commission of Berkeley County 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 refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding debt obligations secured by any revenues of the System, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that present value debt service savings would result from the Issuer's current refunding of its outstanding Water Revenue Bonds, Series 2006 (Bank Qualified) dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000 (the "Series 2006 Bonds");

WHEREAS, the Issuer has determined that it is in the best interests of the customers of Berkeley County Public Service District and other users of the System to currently refund its outstanding Series 2006 Bonds;

WHEREAS, the Issuer has determined that the aforementioned refunding of the Series 2006 Bonds should be financed with the proceeds from the issuance of the Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified), in the original aggregate principal amount of not more than $10,000,000 (the "Series 2015 A Bonds"), such Series 2015 A Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System;

WHEREAS, upon refunding of the Series 2006 Bonds, there are outstanding obligations of the Issuer, including those assumed from Hedgesville and Opequon, which will rank on a parity with the Series 2015 A Bonds as to liens, pledge and source of and security for payment being the Issuer's:

(1) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 and held by the West Virginia Water Development Authority (the "Series 1993 B Bonds");

(2) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 and held by the West Virginia Water Development Authority (the "Series 1993 D Bonds");

(3) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 and held by the West Virginia Water Development Authority (the "Series 1996 Bonds");

(4) 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");

(5) 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");

(6) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds");

(7) Water Revenue Bonds, Series 2007 A (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000 (the "Series 2007 A Bonds");

(8) Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000 (the "Series 2008 Bonds") ;

(9) Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000 (the "Series 2009 Bonds");

(10) Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012 issued in the aggregate principal amount of $7,425,000 (the "Series 2012 A Bonds");

(11) Water Revenue Bonds, Series 2012 B (Bank Qualified), dated December 20, 2012 issued in the aggregate principal amount of $7,800,000 (the "Series 2012 B Bonds");

(12) Water Refunding Revenue Bonds, Series 2013 A (Bank Qualified) dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000 (the "Series 2013 A Bonds"); and

(13) Water Refunding Revenue Bonds, Series 2013 B (Taxable) dated December 30, 2013, issued in the original aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds");

and there are outstanding obligations of the Issuer which are subordinate to the Series 2015 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's:

(1) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority (the "Series 1993 C Bonds");

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 2001 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2007 A Bonds, the Series 2008 Bonds, the Series 2009 Bonds, Series 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds and Series 2013 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 referred to as the "Prior Bonds"; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of Berkeley County that its Series 2015 A 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 2015 A 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 2015 A Bonds, the First Lien Bonds and the Second Lien Bonds, and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2015 A Bonds in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 A BondS, 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 2015 A 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.

"Costs" or similar terms mean those costs described in Section 1.03 hereof.

"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 2015 A 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.

"First Lien Bonds" means the Issuer's Series 1993 B Bonds, Series 1993 D Bonds, Series 1996 Bonds, Series 2001 A Bonds, Series 2003 B Bonds, Series 2003 C Bonds, Series 2007 A Bonds, Series 2008 Bonds, Series 2009 Bonds, Series 2012 A Bonds, Series 2012 B Bonds, Series 2013 A Bonds and Series 2013 B Bonds.

"First Lien State Bonds" means the Issuer's Series 1993 B Bonds, Series 1993 D Bonds, Series 1996 Bonds, Series 2001 A Bonds, and Series 2003 C Bonds.

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

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

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

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

"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 2015 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2015 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2015 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds of the Series 2015 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2015 A Bonds.

"Operating Expenses" unless qualified, means the accrual basis expenses of repair, operation and maintenance 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 of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, 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.

"Original Purchaser" means such person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2015 A Bonds directly from the Issuer, as determined by the Supplemental Resolution, as hereinafter defined; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2015 A Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as determined by said Supplemental Resolution.

"Outstanding," when used with reference to the Series 2015 A 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 means the Bond Commission and any other paying agent or other entity designated as such for the Series 2015 A Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"Prior Bonds" means collectively, the First Lien Bonds and the Second Lien Bonds.

"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.

"PSC" means the Public Service Commission of West Virginia.

"Purchase Price," for the purpose of computation of the Yield of the Series 2015 A 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 2015 A 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 2015 A Bonds of each maturity is sold or, if the Series 2015 A Bonds are privately placed, the price paid by the first buyer of the Series 2015 A 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 2015 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2015 A Bonds.

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

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal

Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 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 Financial Services LLC.

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

"Record Date" means the day of the month which shall be so stated in the Series 2015 A 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 2015 A 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, collectively, the respective Reserve Accounts established for the Series 2015 A Bonds and the Prior Bonds.

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

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

"Second Lien Bonds" means the Issuer's Series 1993 C Bonds.

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

"Series 1993 B Bonds" means the Issuer's Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 and held by the West Virginia Water Development Authority.

"Series 1993 C Bonds" means the Issuer's Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority.

"Series 1993 D Bonds" means the Issuer's Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 and held by the West Virginia Water Development Authority.

"Series 1996 Bonds" means the Issuer's Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 and held by the West Virginia Water Development Authority.

"Series 2001 A Bonds" means the Issuer's 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.

"Series 2003 B Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000.

"Series 2003 C Bonds" means the Issuer's Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000.

"Series 2006 Bonds" means the Issuer's Water Revenue Bonds, Series 2006 (Bank Qualified), dated December 28, 2006, issued in the original aggregate principal amount of $10,000,000.

"Series 2006 Bonds Resolution" means the resolutions of the Issuer authorizing the Series 2006 Bonds.

"Series 2007 A Bonds" means the Issuer's Water Revenue Bonds, Series 2007 A (Bank Qualified), dated December 21, 2007, issued in the original aggregate principal amount of $2,300,000.

"Series 2008 Bonds" means the Issuer's Water Revenue Bonds, Series 2008 (Bank Qualified), dated January 24, 2008 and issued in the original aggregate principal amount of $9,500,000.

"Series 2009 Bonds" means the Issuer's Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009, and issued in the original aggregate principal amount of $7,510,000.

"Series 2012 A Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2012 A (Bank Qualified), dated December 19, 2012, issued in the aggregate principal amount of $7,425,000.

"Series 2012 B Bonds" means the Issuer's Water Revenue Bonds, Series 2012 B (Bank Qualified) dated December 20, 2012, issued in the aggregate principal amount of $7,800,000.

"Series 2013 A Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2013 A (Bank Qualified) dated December 30, 2013, issued in the original aggregate principal amount of $9,900,000.

"Series 2013 B Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2013 B (Taxable) dated December 30, 2013, issued in the original aggregate principal amount of $2,875,000 (the "Series 2013 B Bonds").

"Series 2015 A Bonds Cost of Issuance Fund" means the Series 2015 A Bonds Cost of Issuance Fund created by Section 4.02 hereof.

"Series 2015 A Bonds Redemption Account" means the Series 2015 A Bonds Redemption Account created by Section 4.02 hereof.

"Series 2015 A Bonds" means the Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Resolution.

"Series 2015 A Bonds Reserve Account" means the Series 2015 A Bonds Reserve Account created by Section 4.02 hereof.

"Series 2015 A Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2015 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2015 A Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2015 A Bonds.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2015 A 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 2015 A Bonds and authorizing the sale of the Series 2015 A 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 service district, public corporation and political subdivision of the State of West Virginia in Berkeley County of said State.

B. The Issuer presently owns and operates a public waterworks treatment and distribution system which it has financed or refinanced, in part, pursuant to the issuance of the Prior Bonds and the Series 2006 Bonds.

C. It is deemed necessary for the Issuer to issue its Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified), in one or more series, in the total aggregate principal amount of not more than $10,000,000 to pay all or a portion of the outstanding principal of, and interest on, the Series 2006 Bonds. The proceeds of the Series 2015 A Bonds may also be applied to funding the Series 2015 A Bonds Reserve Account and the payment of underwriter's discount; financial advisor expenses; legal expenses; expenses for estimates of costs and revenues; 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 2015 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; 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 2015 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall also be permitted.

D. It is in the best interests of the Issuer that the Series 2015 A 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.

E. The Series 2015 A 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. Prior to the issuance of the Series 2015 A 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; (ii) the written consent of the Holders of the First Lien State Bonds to the issuance of the Series 2015 A Bonds on a parity with the First Lien State Bonds; and (iii) the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2015 A Bonds senior and prior to the Second Lien Bonds. The Series 2003 B Bonds, Series 2007 A Bonds, Series 2009 Bonds, Series 2012 A Bonds, Series 2012 B Bonds, Series 2013 A Bonds and Series 2013 B Bonds do not require written consent. Upon payment in full of the Series 2006 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.

F. The Series 2015 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 A BONDS 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.

G. All things necessary to make the Series 2015 A 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 2015 A Bonds, will be timely done and duly performed.

H. The adoption of this Resolution, and the execution and issuance of the Series 2015 A 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.

I. The Issuer has complied with all requirements of West Virginia law relating to the operation of the System, the issuance of the Series 2015 A Bonds and the refunding of the Series 2006 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 2015 A Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2015 A 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 2015 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 2006 Bonds Outstanding as of the date of issuance of the Series 2015 A Bonds, and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Registered Owners of the Series 2006 Bonds imposed by the Series 2006 Resolution authorizing the issuance of the Series 2006 Bonds, the monies in the funds and accounts created by the Series 2006 Resolution pledged to payment of the Series 2006 Bonds, and any other funds pledged by the Series 2006 Resolution to payment of the Series 2006 Bonds are hereby ordered terminated, discharged and released upon such payment to the Registered Owners of the Series 2006 Bonds. Contemporaneously with the payment in full of the Series 2006 Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2006 Bonds, shall be released from the lien created by the Series 2006 Resolution authorizing the issuance of the Series 2006 Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2015 A Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Series 2015 A Bonds issued pursuant to this Resolution may be issued only as fully registered Series 2015 A 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 2015 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2015 A 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 2015 A Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2015 A Bonds shall be in default, Series 2015 A Bonds issued in exchange for Series 2015 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2015 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2015 A 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 2015 A 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 2015 A 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 2015 A 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 Series 2015 A Bond in the principal amount of said Series 2015 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2015 A Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signatures, 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 2015 A Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2015 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2015 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2015 A BONDS attached hereto and incorporated herein by reference with respect to such respective Series 2015 A Bond, shall have been duly manually executed by the

Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2015 A Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Series 2015 A 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 2015 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2015 A 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 2015 A Bonds, shall be conclusively deemed to have agreed that such Series 2015 A 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 2015 A Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2015 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2015 A Bonds. Series 2015 A 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 2015 A Bond, there shall be issued at the option of the Holder or the transferee another Series 2015 A 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 2015 A 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 2015 A Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Series 2015 A 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 2015 A Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Series 2015 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2015 A Bonds, the initial exchange of Series 2015 A Bonds and exchanges of Series 2015 A Bonds in the event of partial redemption of fully registered Series 2015 A 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 2015 A 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 2015 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2015 A 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 2015 A Bond of like series, maturity and principal amount as the Series 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Series 2015 A 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 2015 A Bonds be at any time found by any one, and such duplicate Series 2015 A 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 2015 A Bonds Redemption Account in accordance with Subsection 4.03A(3) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to the Series 2015 A 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 2015 A 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 2015 A Bonds Sinking Fund, as will exhaust as nearly as practicable such Series 2015 A 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 2015 A 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 Original Purchaser and the registered owner of the Series 2015 A 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 2015 A 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 2015 A 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 2015 A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2015 A 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 2015 A 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 2015 A 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 2015 A Bonds.

If funds sufficient to redeem all Series 2015 A 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 2015 A Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2015 A Bonds or portions of Series 2015 A 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 2015 A Bonds or portions of Series 2015 A Bonds shall cease to bear interest. Upon surrender of such Series 2015 A Bonds for redemption in accordance with said notice, such Series 2015 A 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 2015 A 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 2015 A Bond. All Series 2015 A 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 2015 A 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 2015 A 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 2015 A 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 all or a portion of the outstanding principal of, and interest on, the Series 2006 Bonds, funding the Series 2015 A Bonds Reserve Account, and paying costs of issuance in connection therewith, there shall be issued the Series 2015 A Bonds of the Issuer, in an aggregate principal amount of not more than $10,000,000. The Series 2015 A Bonds shall be designated "Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified)" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2015 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2015 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2015 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Series 2015 A Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2015 A 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 2015 A 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 2015 A Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2015 A 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 2015 A Bond, or any other evidence of ownership of the Series 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2015 A Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2015 A Bonds so redeemed, but DTC may return such Series 2015 A Bonds and make an appropriate notation on the Series 2015 A 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 2015 A 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 2015 A 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 2015 A Bonds, selecting the Series 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2015 A 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 2015 A Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 2015 A 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 2015 A Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 2015 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2015 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) A list of the names in which the Series 2015 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2015 A Bonds to the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2015 A 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 2015 A Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2015 A BondS 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 2015 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2015 A 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 2015 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

(1). All interest accrued on the Series 2015 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2015 A Bonds Sinking Fund and applied to payment of interest on the Series 2015 A Bonds at the first interest payment date.

(2). An amount of the proceeds of the Series 2015 A Bonds equal to the Series 2015 A Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2015 A Bonds Reserve Account, provided that, to the extent the Series 2015 A Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility and proceeds of the Series 2015 A Bonds shall be used to purchase said reserve account letter of credit, surety bond or other credit facility and proceeds of the Series 2015 A Bonds shall be deposited in the Series 2015 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2015 A Bonds Reserve Requirement.

(3). An amount of the proceeds of the Series 2015 A Bonds which shall, be sufficient to pay the outstanding principal of, and interest on, the Series 2006 Bonds, shall be deposited into the Sinking Fund for the Series 2006 Bonds held by the Bond Commission.

(4). An amount of Series 2015 A Bond proceeds which, together with other monies or securities deposited therein, shall be equal to the Costs of Issuance of the Series 2015 A 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 2015 A Bonds at the written direction of the Issuer. 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 120 days following the Closing Date for the Series 2015 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2015 A Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2015 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so

applied in favor of the Holders of the Series 2015 A Bonds from which such proceeds are derived.

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 and hereby continued);

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

(3) Series 2015 A Bonds Costs of Issuance Fund; and

(4) 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 1993 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(2) Series 1993 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(3) Series 1993 C Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(4) Series 1993 C Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(5) Series 1993 D Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(6) Series 1993 D Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(7) Series 1996 Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(8) Series 1996 Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(9) Series 2001 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(10) Series 2001 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(11) Series 2003 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(12) Series 2003 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(13) Series 2003 C Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(14) Series 2003 C Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(15) Series 2007 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(16) Series 2007 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(17) Series 2008 Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(18) Series 2008 Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(19) Series 2009 Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(20) Series 2009 Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(21) Series 2012 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(22) Series 2012 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(23) Series 2012 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(24) Series 2012 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(25) Series 2013 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(26) Series 2013 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(27) Series 2013 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

(28) Series 2013 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);

(29) Series 2015 A Bonds Sinking Fund; and

(30) Series 2015 A 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) 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 2015 A Bonds, for deposit in the Series 2015 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2015 A Bonds on the next ensuing semiannual interest payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2015 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; and, provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2015 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2015 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2015 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2015 A 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) 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 2015 A Bonds, for deposit in the Series 2015 A Bonds Sinking Fund, and in the Series 2015 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2015 A Bonds on the next ensuing principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2015 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and, provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2015 A 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 be deposited in the respective reserve requirements for the First Lien Bonds; and (ii) for deposit in the Series 2015 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2015 A Bonds Reserve Account below the Series 2015 A Bonds Reserve Requirement or any withdrawal from the Series 2015 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2015 A 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 2015 A Bonds Reserve Account is less than the Series 2015 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2015 A Bonds Reserve Account for deposit into the Series 2015 A 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 2015 A Bonds Reserve Account to an amount equal to the Series 2015 A 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 2015 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2015 A 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 2.5% 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 the Second Lien Bonds the amount required under the Prior Resolutions.

Monies in the Series 2015 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2015 A Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Amounts in the Series 2015 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2015 A Bonds when due, when amounts in the Series 2015 A 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 2015 A Bonds Sinking Fund or the Series 2015 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series 2015 A Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2015 A Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2015 A 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 2015 A 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 2015 A Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2015 A 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 2015 A Bonds, senior and prior to the principal, interest, if any, 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 2015 A Bonds Sinking Fund and Series 2015 A 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 2015 A 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 2015 A Bonds Reserve Account to the Series 2015 A 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 2015 A Bonds Reserve Account an amount at least equal to the Series 2015 A Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2015 A 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 2015 A 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 2015 A 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 6C 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 2015 A Bonds in such manner and to such extent as may be necessary, so that the Series 2015 A 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 2015 A Bonds) so that the interest on the Series 2015 A 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 2015 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2015 A 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 2015 A Bonds Sinking Fund and all accounts therein, or the unexpended proceeds of the Series 2015 A Bonds, all as herein provided. No Holder or Holders of the Series 2015 A 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 2015 A 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 2015 A 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 2015 A Bonds herein authorized, and to make the payments into the Series 2015 A Bonds Sinking Fund, the Series 2015 A 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 2015 A 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 or continued 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 2015 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2015 A Bonds, including the Prior 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.

In the computation provided in the above paragraph, "revenues of the System" shall include increased Net Revenues estimated to be derived from any improvements under construction, and any change in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia (without successful appeal), whether or not such approved rates are being charged and collected by the Issuer.

The Issuer shall require that each annual audit contain a statement of the auditor that the Issuer either is or is not in compliance with the rate covenant contained in this Section 6.04. In the event that any audit contains a statement that the Issuer is not in compliance with the rate covenant contained in this Section 6.04, the Issuer hereby covenants that it shall, within ninety (90) days of receiving the audit report, file a request with the Public Service Commission of West Virginia for a rate increase sufficient to comply with the above-mentioned rate requirement.

Section 6.05. Operation and Maintenance. The Issuer will 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 has or will obtain all permits required by state and federal laws for the operation of the System and all orders and approvals from the Public Service Commission of West Virginia necessary for the issuance of the Series 2015 A Bonds 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 or encumber the System except as provided in the Prior Resolutions. Additionally, so long as the Series 2015 A Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, or to defease the pledge created by this Resolution and the Prior Resolutions. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the respective Sinking Funds, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $500,000, the Issuer may provide for the sale of such property. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $500,000 but not in excess of $5,000,000 the Issuer, by resolution duly adopted, shall determine that the property is no longer necessary, useful or profitable in the operation of the System and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition off such property which are less than $500,000 may be deposited in the Revenue Fund or the Renewal and Replacement Fund, at the sole discretion of the Issuer. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $500,000 and not in excess of $5,000,000, shall be deposited by the Issuer into Sinking Funds for the Bonds or the Renewal and Replacement Fund, at the sole discretion of the Issuer. Such payment of such proceeds into the Sinking Funds for the Bonds 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, shall be in excess of $5,000,000 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% of the par 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 2015 A Bonds, except as provided in Section 6.08 herein. All obligations issued by the Issuer after the issuance of the Series 2015 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2015 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2015 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2015 A 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 Ordinances shall be applicable.

No such Additional Parity Bonds (as hereinafter defined) shall be issued except for the purposes of financing the costs of the design, acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds or Additional Parity Bonds, or to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 2015 A Bonds are Outstanding, no such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion 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 such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 2 Fiscal Years immediately following the Fiscal Year in which such Additional Parity Bonds are issued, if any, shall not be less than 120% of the Maximum Annual Debt Service on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues" as that term is used in the computation provided in the above paragraph, shall include increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds, if any, and any change in

rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia (without successful appeal), prior to the date of delivery of such Additional Parity Bonds, whether or not such approved rates are being charged and collected by the Issuer.

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Net Revenues of the System on a parity with the Bonds. All covenants and other provisions of this Resolution (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Additional Parity Bonds theretofore or 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 Additional Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Resolution.

Additional Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the 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 the lien on and source of and security for payment from such revenues, with the Bonds.

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

Provided, however, that if the audit by an Independent Certified Public Accountant for the Issuer for the Fiscal Year immediately preceeding the proposed issuance of Additional Parity Bonds states that the Issuer was not in compliance with the rate covenant in Section 6.04 of this Resolution for the year being audited and the Issuer has, as required by Section 6.04, enacted a rate ordinance seeking a rate increase sufficient to comply with Section 6.04, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of this Resolutions, so as to prevent the Issuer from issuing Additional Parity Bonds under this Section 6.08.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2015 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. 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. WORKERS' COMPENSATION COVERAGE for all employees of or for the System eligible therefore.

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.

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 2015 A 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 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.

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.

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 2015 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2015 A 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 2015 A 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 2015 A Bonds during the term thereof is, under the terms of the Series 2015 A 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 2015 A 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 2015 A Bonds during the term thereof is, under the terms of the Series 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18. Designation of Series 2015 A Bonds as Qualified Tax-Exempt Obligations. The Issuer hereby designates the Series 2015 A Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph (3) of Section 265(b) of the Code and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2015, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefitting thereby shall be treated as one issuer.

Section 6.19. Continuing Disclosures. In order to provide the written undertaking for the benefit of the owners of the Series 2015 A Bonds required by the Securities and Exchange Commission Rule 15c2-12, the Issuer shall enter into a Continuing Disclosure Agreement in such form as may be approved by the Supplemental Resolution, and the Chairman is authorized and directed to execute and deliver such Continuing Disclosure Agreement on behalf of the Issuer, with such changes as the Chairman shall approve, such approval to be conclusively evidenced by the execution of such Agreement by the Chairman.

Section 6.20. Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2015 A Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Chairman is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2015 A Bonds and as the Chairman may approve (the "Official Statement"). The execution of the Official Statement by the Chairman shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Original Purchaser for distribution.

Section 6.21. Bond Insurance Policy. The Issuer may apply for a bond insurance policy for the Series 2015 A Bonds. In the event a bond insurance policy is obtained, additional covenants and provisions of the Issuer may be required by the bond insurer as a condition to insuring the Series 2015 A Bonds. These additional covenants and provisions shall be set forth in a Supplemental Resolution, shall apply to the Series 2015 A Bonds, and shall be controlling in the event any other provisions of this Resolution may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2015 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A 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 2015 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2015 A 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 2015 A 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 2015 A Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2015 A 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 2015 A 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 2015 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification

thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall 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 2015 A 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 2015 A 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. So long as required by the Act, 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 2015 A 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 2015 A 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 2015 A Bonds from gross income for federal income tax purposes.

The Series 2015 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2015 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2015 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or 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 2015 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2015 A 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 2015 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the

principal of and redemption premium, if any, and interest to become due on the Series 2015 A Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. This Resolution and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2015 A Bonds. Otherwise, no materially adverse amendment or modification to this Resolution, or any Supplemental Resolution, may be made without the written consent of the Registered Owners of at least 51% in aggregate principal amount of the Series 2015 A Bonds then Outstanding and affected thereby, which must be filed with the Secretary of the Issuer before any such modification or amendment may be made. Not withstanding the foregoing provision, 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 2015 A Bond without the express written consent of the Registered Owner of such Bond, nor reduce the percentage of Series 2015 A 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
251 Caperton Boulevard

Martinsburg, West Virginia 25403
Attention: Chairman

REGISTRAR

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

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25301
Attention: Executive Director

DEPOSITORY BANK

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

ORIGINAL PURCHASER

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

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

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

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

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2015 A 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 2015 A 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.

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

Adopted this 12th day of January, 2015.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

_____

Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Berkeley County Public Service District on the 12th day of January, 2015.

[SEAL]

_____

Secretary

EXHIBIT A – FORM OF SERIES 2015 A BONDS

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

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
WATER REFUNDING REVENUE BOND, SERIES 2015 A (BANK QUALIFIED)

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA), a public service district and public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20___ (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 Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 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 $_____ designated "Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 A (Bank Qualified)" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2015, the proceeds of which are to be used, together with other funds of the Issuer, (i) to pay the outstanding principal amount of the Series 2006 Bonds; (ii) to the Series 2015 A Bonds Reserve Account (as hereinafter defined); and (iii) to pay certain costs of issuance of the Series 2015 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on January 12, 2015, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on _____, 2015 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(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 D, DATED JULY 29, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $10,257,957 (THE "SERIES 1993 D BONDS");

(III) WATER REVENUE BONDS, SERIES 1996, DATED AUGUST 6, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $677,158 (THE "SERIES 1996 BONDS");

(IV) 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");

(V) 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");

(VI) WATER REVENUE BONDS, SERIES 2003 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MAY 15, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,430,000 (THE "SERIES 2003 C BONDS");

(VII) WATER REVENUE BONDS, SERIES 2007 A (BANK QUALIFIED), DATED DECEMBER 21, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,300,000 (THE "SERIES 2007 A BONDS");

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

(IX) WATER REVENUE BONDS, SERIES 2009 (BANK QUALIFIED), DATED FEBRUARY 17, 2009, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,510,000 (THE "SERIES 2009 BONDS");

(X) WATER REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), DATED DECEMBER 19, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,425,000 (THE "SERIES 2012 A BONDS");

(XI) WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), DATED DECEMBER 20, 2012, AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,800,000 (THE "SERIES 2012 B BONDS");

(XII) WATER REFUNDING REVENUE BONDS, SERIES 2013 A (BANK QUALIFIED), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,900,000 (THE "SERIES 2013 A BONDS"); AND

(XIII) WATER REFUNDING REVENUE BONDS, SERIES 2013 B (TAXABLE), DATED DECEMBER 30, 2013 AND ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,875,000 (THE "SERIES 2013 B BONDS");

AND SENIOR AND PRIOR TO THE ISSUER'S:

(I) 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" OR THE "SECOND LIEN BONDS");

The Series 1993 B Bonds, the Series 1993 D Bonds, the Series 1996 Bonds, the Series 2001 A Bonds, the Series 2003 B Bonds, the Series 2003 C Bonds, the Series 2007 A Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds and Series 2013 B Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds".

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

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

(A) Optional Redemption. The Bonds are subject to optional redemption prior to maturity as follows:

(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 Registrar on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. A copy of such notice of redemption shall also be mailed to the Paying Agent. 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 2015 A 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 2015 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any fiscal year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Bonds, including the First Lien Bonds and the Second Lien Bonds.

All monies received from the sale of this Bond except for accrued interest thereon shall be applied solely to pay the Series 2006 Bonds, fund a reserve account for the Series 2015 A 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.

The Issuer has designated the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code

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

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

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

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE 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: _____, 2015.

_____,
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.

STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

WATER REFUNDING REVENUE BONDS, SERIES 2015 A (BANK QUALIFIED)

BOND RESOLUTION

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SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

SPECIMEN

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

SPECIMEN

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from sources that the District believes to be reliable, but the District does not take any responsibility for the accuracy thereof.

The Depository Trust Company

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds 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 Bonds certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 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.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will

not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered,

through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records,to Tender/Remarketing Agent. The requirement for physical delivery of Bonds in connection withan optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender/Remarketing Agent's DTC account.

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

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

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") is made between United Bank, Inc., as dissemination agent (the "Dissemination Agent") and the Berkeley County Public Service District, West Virginia (the "Issuer"). By the terms of a resolution enacted by the Issuer on January 12, 2015, as supplemented by a Supplemental Resolution adopted by the Issuer on January 12, 2015 (collectively, the "Resolution"), the Issuer authorized the issuance of its $525,000 Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds"). The Series 2015 B Bonds were sold to Piper Jaffray & Co. (the "Participating Underwriter"). The parties agree as follows:

SECTION 1. Purpose of Agreement. This Agreement is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter complying with SEC Rule 15c2-12.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means, collectively, the Financial Information and Operating Data as herein defined.

"Audited Financial Statements" means the annual financial statements with respect to the System, whether included in the annual financial statements of the Issuer or prepared solely with respect to the System, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants or the Office of the Auditor of the State of West Virginia.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the then current Executive Director of the Issuer.

"Dissemination Agent" shall initially mean United Bank, Inc., or any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access System described in the 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Financial Information" means the Audited Financial Statements for the most recent fiscal year if available on the Due Date, and, if not then available, unaudited financial statements of the System for the most recent fiscal year, with the Audited Financial Statements for such fiscal year to be provided when available.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C. the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2009.

"Operating Data" shall mean the information regarding the System for the most recent fiscal year, as well as the four (4) immediately prior fiscal years, as reflected in the "Form of Filing of Operating Data" attached hereto as Exhibit B. The Issuer may amend and/or modify the Form of Filing of Operating Data one or more times prior to the maturity of the Bonds if such amendment or modification, in the reasonable opinion of the Issuer, at its sole discretion, provides either more information, or additional clarity with respect to information being provided, regarding the System.

"Participating Underwriter" shall mean the original underwriter of the Bonds who is required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and the State Repository, if any.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

"System" shall mean the water treatment and distribution system of the Issuer as of the date of this Agreement, and all future additions, extensions and betterments thereto.

SECTION 3. Provision of Annual Financial Information.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the last day of the fiscal year (presently June 30) immediately following the end of the Issuer's fiscal year (presently June 30) for which disclosure is due (the "Due Date"), commencing with the Fiscal Year ending June 30, 2015, provide to EMMA the Annual Financial Information which is consistent with the requirements of this Agreement. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement. The Issuer shall provide the Dissemination Agent with a copy of the Annual Financial Information to be filed under this Agreement. If the Issuer's fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Dissemination Agent shall send written notice to the Issuer sixty (60) days prior to the Due Date of the Annual Financial Information that such information is due by the Due Date. Such notice from the Dissemination Agent shall include notification to the Issuer of any prior fiscal years for which Annual Financial Information is due.

(b) Not later than thirty (30) Business Days prior to the Due Date, the Issuer shall provide the Annual Financial Information to the Dissemination Agent. If by the Due Date the Dissemination Agent has not received all, or any portion of, the Annual Financial Information, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to EMMA all, or any portion of, the Annual Financial Information by the date required in subsection (a), the Dissemination Agent shall (i) file with EMMA any portion of the Annual Financial Information

which the Issuer has provided, and (ii) send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information has been provided to EMMA pursuant to this Agreement and the date provided.

SECTION 4. Content of Annual Financial Information. The Annual Financial Information shall include the Financial Information and the Operating Data, as defined in this Agreement.

Any or all of the items comprising the Annual Financial Information may be included by specific reference to other documents, including official statements of debt issues of the Issuer secured by the revenues of the System, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers or their failure to perform;

6. Adverse tax opinions, 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 Security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership, or similar event of the Issuer[1];

13. The consummation of a merger, consolidation or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the Issuer determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Issuer received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Issuer shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the Issuer. The Dissemination Agent will exercise its best efforts file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

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[1] For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

SECTION 7. Dissemination Agent. United Bank, Inc., Charleston, West Virginia is hereby appointed as Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Agreement, the Issuer and the Dissemination Agent may amend this Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Issuer) and any provision of this Agreement may be waived (and the Dissemination Agent shall agree to any waiver so requested by the Issuer), if such amendment or waiver is supported by an opinion of nationally recognized counsel expert in federal securities laws acceptable to the Issuer and the Dissemination Agent to the effect that such amendment or waiver should not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in, or official interpretation of, the Rule.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of any of the Listed Events, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Financial Information or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer or Dissemination Agent to comply with any provision of this Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Dissemination Agent to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the Issuer or Dissemination Agent to comply with this Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and the Issuer agrees to the extent allowed by State law to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the District:	Berkeley County Public Service District 251 Caperton Blvd. Martinsburg, WV 25403 Attention: Executive Director
To the Dissemination Agent:	United Bank, Inc. 500 Virginia Street, East Charleston, WV 25301 Attention: Corporate Trust Department

SECTION 13. Beneficiaries. This Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Agreement and to rely upon an opinion of counsel.

[The remainder of this page intentionally left blank.]

IN WITNESS THEREOF, the Issuer and the Dissemination Agent have caused this Agreement to be executed by their respective duly authorized representatives this 26th day of February, 2015.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____
Authorized Representative

UNITED BANK, INC., as Dissemination Agent

By: _____

Its: Vice Pres

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE
ANNUAL FINANCIAL INFORMATION

Name of Issuer: Berkeley County Public Service District (West Virginia)

Name of Issue: $525,000 Water Refunding Revenue Bonds, Series 2015 B
(Bank Qualified)

Date of Issuance: _____, 2015

Notice is hereby given that the Issuer has not provided all [or a portion of] the Annual Financial Information with respect to the above-named Bonds as required by the Continuing Disclosure Agreement executed in connection with the above-referenced bond issue. [The portion of the Annual Financial Information which the District has not provided is _____.] The District anticipates that the Annual Financial Information, [or remaining Annual Financial Information,] will be filed by _____.

Dated this _____.

UNITED BANK, INC., as Dissemination Agent

EXHIBIT B

FORM OF FILING OF OPERATING DATA

Name of Issuer:	Berkeley County Public Service District (West Virginia)
Name of Issue:	$525,000 Berkeley County Public Service District Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)
Date of Issue:	February 26, 2015
Operating Data For Fiscal Year Ended:	June 30, 2014

In compliance with the requirements of the Continuing Disclosure Agreement executed by the Berkeley County Public Service District (West Virginia) in conjunction with the above-referenced bonds, the following Operating Data with respect to the System is provided for the above-stated fiscal year and, where noted, for the four (4) immediately preceding fiscal years.

SYSTEM OPERATING DATA

Debt Service Coverage

The Audited Financial Statements for the fiscal year ended June 30, 2014 with respect to the System which have been, or will be, filed as part of the Annual Financial Information include a calculation of debt service coverage, which is incorporated herein by reference.

WATER SYSTEM OPERATING DATA

Water Usage

Gallons Sold by Source (000 omitted)

Year Ended June 30	Residential	Commercial	Public Authorities	Industrial	Total
2014	901,989	287,636	24,216	130,143	1,343,984
2013	873,051	280,108	23,052	140,560	1,316,771
2012	888,919	291,817	22,818	145,703	1,349,257
2011	906,580	286,708	25,651	151,093	1,370,032
2010	876,444	283,412	22,119	138,136	1,320,111

Water Revenues by Source

Year Ended June 30	Residential	Commercial	Industrial	Public Authorities	Fire Protection	Total
2014	7,680,392	1,802,091	608,609	159,020	159,198	10,409,310
2013	6,835,390	1,625,262	613,455	141,395	155,150	9,370,652
2012	6,753,061	1,632,728	622,693	131,278	143,381	9,283,141
2011	6,989,577	1,639,866	659,048	147,968	137,387	9,573,846
2010	6,721,688	1,606,149	601,365	134,159	135,176	9,198,537

Customer History

Customer County by Type

Year Ended June 30	Residential	Commercial	Industrial	Public Authorities	Fire Protection	Total
2014	20,042	959	23	47	176	21,071
2013	19,400	938	23	43	162	20,566
2012	19,079	920	23	44	159	20,225
2011	18,822	917	23	43	149	19,961
2010	18,822	917	23	42	142	19,946

Major Users

Customer Name	Gallons	Percentage
Quad Graphics	69,059,800	5.12%
Ecolab	33,376,700	2.48%
IRS Facilities	26,897,400	1.99%
West Virginia Regional Jail	25,301,700	1.88%
WV Air National Guard	13,068,000	0.97%
Guardian Fiberglass	8,773,000	0.65%
World Color Martinsburg	5,710,000	0.42%
Whispering Woods LLC	5,405,300	14.67%
Cottages of Martinsburg	5,187,300	0.38%
Fasloc, Inc.	4,998,000	0.40%
Totals:	197,777,200	14.67%

BERKLEY COUNTY PUBLIC SERVICE DISTRICT

WATER REFUNDING REVENUE BONDS, SERIES 2015 B (BANK QUALIFIED)

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Piper Jaffray & Co. (the "Original Purchaser") that he is the duly appointed and acting Chairman 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 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Issuer's $525,000 Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified) (the "Series 2015 B Bonds").

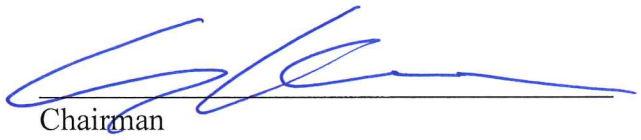
(2) In connection with the offering and sale of the Series 2015 B Bonds, there has been prepared a Preliminary Official Statement dated January 23, 2015, setting forth information concerning the Series 2015 B Bonds and the Issuer of the Series 2015 B Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, the identity of the Original Purchaser and other terms of the Series 2015 B Bonds and any underlying obligations depending on such matters, all with respect to the Series 2015 B 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 sale of the Series 2015 B Bonds, 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.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 17th day of February, 2015.



Chairman

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Berkeley County Public Service District (West Virginia)

BONDS: $525,000 in aggregate principal amount of Water Refunding Revenue Bonds, Series 2015 B

Policy No.: 216580-N

Effective Date: February 26, 2015

Premium: $1,372.30

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019

(212) 974-0100

ASSURED GUARANTY®
MUNICIPAL

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: Berkeley County Public Service District (West Virginia)

Policy No.: 216580-R

Effective Date: February 26, 2015

BONDS: Water Refunding Revenue Bonds, Series 2015 B

Premium: $525.00

Termination Date: The earlier of December 1, 2018 or the date the Bonds are no longer outstanding

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Bond Document.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to AGM by or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the

stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed $52,500. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52ND Street, New York, N.Y. 10019

(212) 974-0100

DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF ASSURED GUARANTY MUNICIPAL CORP.

The undersigned hereby certifies on behalf of Assured Guaranty Municipal Corp. ("AGM"), in connection with the issuance by AGM of its Policy No. 216580-N (the "Insurance Policy") and Policy No. 216580-R (the "Reserve Policy" and together with the Insurance Policy, the "Policy") in respect of the $525,000 in aggregate principal amount of the Berkeley County Public Service District (West Virginia) Water Refunding Revenue Bonds, Series 2015 B (the "Bonds") that:

(i) the information set forth under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." in the official statement dated February 17, 2015, relating to the Bonds (the "Official Statement") is true and correct,

(ii) AGM is not currently in default nor has AGM ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,

(iii) the Policy is an unconditional and recourse obligation of AGM (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),

(iv) the insurance premium for the Insurance Policy of $1,372.30 and for the Reserve Policy of $525.00 (collectively, the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to AGM as a condition to the issuance of the Policy,

(v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by AGM to maintain its ratings, which, together with all other overhead expenses of AGM, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),

(vi) AGM is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, AGM will not use any portion of the Bond proceeds; provided, however, that AGM or its affiliates may independently provide a guaranteed investment contract for the investment of all or a portion of the proceeds of the Bonds,

(vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by AGM,

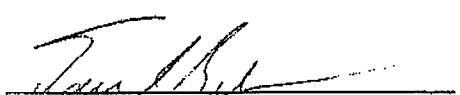
(viii) AGM does not expect that a claim will be made on the Policy,

(ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and

(x) for Bonds which are secured by a debt service reserve fund, AGM would not have issued the Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

AGM makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

ASSURED GUARANTY MUNICIPAL CORP.

By: 
Authorized Officer

Dated: February 26, 2015

NOTICE OF CLAIM AND CERTIFICATE

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019

The undersigned, a duly authorized officer of [FULL NAME OF TRUSTEE or PAYING AGENT] (the "Trustee/Paying Agent"), hereby certifies to Assured Guaranty Municipal Corp. ("AGM"), with reference to Municipal Bond Insurance Policy No. 216580-N dated February 26, 2015 (the "Policy") issued by AGM in respect of the Berkeley County Public Service District (West Virginia) Water Refunding Revenue Bonds, Series 2015 B (the "Bonds"), that:

(i) The Trustee/Paying Agent is the Trustee/Paying Agent under the document authorizing the issuance of the Bonds (the "Resolution") for the Holders.

(ii) The sum of all amounts on deposit (or scheduled to be on deposit) in the [RELEVANT ACCOUNTS] and available for distribution to the Holders pursuant to the Resolution will be $_____ _____ (the "Shortfall") less than the aggregate amount of principal and interest Due for Payment on _____ ("Scheduled Payments").

(iii) The Trustee/Paying Agent is making a claim under the Policy for the Shortfall to be applied to the payment of Scheduled Payments.

(iv) The Trustee/Paying Agent agrees that, following receipt of funds from AGM, it shall (a) hold such amounts in trust and apply the same directly to the payment of Scheduled Payments on the Bonds when due; (b) not apply such funds for any other purpose; (c) not commingle such funds with other funds held by the Trustee/Paying Agent and (d) maintain an accurate record of such payments with respect to each Bond and the corresponding claim on the Policy and proceeds thereof, and, if the Bond is required to be [SURRENDERED/PRESENTED] for such payment, shall stamp on each such Bond the legend $"[insert applicable amount] paid by AGM and the balance hereof has been canceled and reissued" and then shall deliver such Bond to AGM.

(v) The Trustee/Paying Agent, on behalf of the Holders, hereby assigns to AGM the rights of the Holders with respect to the Bonds to the extent of any payments under the Policy, including, without limitation, any amounts due to the Holders in respect of securities law violations arising from the offer and sale of the Bonds. The foregoing assignment is in addition to, and not in limitation of, rights of subrogation otherwise available to AGM in respect of such payments. Payments to AGM in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Holders to receive all Scheduled Payments in respect of the Bonds. The Trustee/Paying Agent shall take such action and deliver such instruments as may be reasonably requested or required by AGM to effectuate the purpose or provisions of this clause (v).

(vi) The Trustee/Paying Agent, on its behalf and on behalf of the Holders, hereby appoints AGM as agent and attorney-in-fact for the Trustee/Paying Agent and each such Holder in any legal proceeding with respect to the Bonds. The Trustee/Paying Agent hereby agrees that, so long as AGM shall not be in default in its payment obligations under the Policy, AGM may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim in connection with an Insolvency

Proceeding seeking the avoidance as a preferential transfer of any payment made with respect to the Bonds (a "Preference Claim"), (B) the direction of any appeal of any order relating to any Preference Claim at the expense of AGM but subject to reimbursement as provided in the Resolution and (C) the posting of any surety, supersedeas or performance bond pending any such appeal. In addition, the Trustee/Paying Agent hereby agrees that AGM shall be subrogated to, and the Trustee/Paying Agent on its behalf and on behalf of each Holder, hereby delegates and assigns, to the fullest extent permitted by law, the rights of the Trustee/Paying Agent and each Holder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(vii) Payment should be made by wire transfer directed to [SPECIFY INSURANCE ACCOUNT].

Unless the context otherwise requires, capitalized terms used in this Notice of Claim and Certificate and not defined herein shall have the meanings provided in the Policy.

IN WITNESS WHEREOF, the Trustee/Paying Agent has executed and delivered this Notice of Claim and Certificate as of the _____ day of _____, _____.

By_____

Title_____

For AGM or
Fiscal Agent Use Only
Wire transfer sent on _____ By _____
Confirmation Number _____

PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")

AGM's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid:	**Upon determination of the final debt service schedule, fax such schedule to AGM**
	Attention: Scott Madden, Director
	Phone No.: (212) 408-6040
	Fax No.: (212) 893-9645

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date:	Date of Delivery of the insured bonds.
Method of Payment:	Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank:	The Bank of New York
ABA#:	021 000 018
Acct. Name:	Assured Guaranty Municipal Corp.
Account No.:	8900297263
Policy No.:	216580-N & 216580-R

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Audrey A. Udit, Closing Coordinator , (212) 339-3548.

ASSURED GUARANTY
MUNICIPAL

January 21, 2015

VIA E-MAIL
Mr. Chris Thiel, Executive Director
Berkeley County Public Service District
251 Caperton Boulevard
Martinsburg, West Virginia 25403

Re: Not to Exceed $600,000 aggregate principal amount of Berkeley County Public Service District (West Virginia) Water Refunding Revenue Bonds, Series 2015 B

Dear Mr. Thiel:

Attached please find one copy of each of Assured Guaranty Municipal Corp.'s ("AGM") municipal bond insurance commitment letter and municipal bond debt service reserve insurance commitment letter, both in respect of the above-referenced issue. Please return one fully executed copy of each to Ms. Audrey A. Udit, of our office, prior to any reference to AGM as insurer of the issue being made in marketing efforts in respect of the issue.

Please note that a blacklined copy of each draft of the financing documents, opinions, preliminary and final official statements and bond proof should be delivered to AGM for review and comment.

Attached as a link to this e-mail is AGM's website, where the logo, statement of insurance, disclosure language, specimen policy, procedures for premium payment, form of opinion and form of disclosure, no default and tax certificate may be accessed and downloaded as needed. AGM will require, prior to closing, four hard copies of the final official statement.

Upon acceptance and satisfaction of the conditions of the Commitment, the following must occur in order for AGM to complete its review of applicable disclosure and financing documents in advance of the closing date, request the assignment of an insured rating for the Bonds, and timely issue its insurance policy:

- The financing schedule and a distribution list should be forwarded to the attention of the Closing Coordinator listed below.

- A copy of (i) the preliminary official statement and the final official statement, each of which shall include the disclosure provided by AGM and the specimen policy and any other references to AGM, and (ii) the Bonds, together with the legend to be affixed to such Bonds, must be delivered to the Closing Coordinator by fax or e-mail in order that AGM may confirm its accuracy.

- Once determined, the underwriters' final pricing numbers, including the final debt service schedule for the Bonds, should be delivered to the credit analyst and Closing Coordinator responsible for the transaction by fax and/or e-mail in order that AGM may confirm the premium to be paid for the insurance policy and request the assignment of an insured rating for the Bonds.

- A copy of either (i) the final pricing wire with CUSIP numbers shown or CUSIP wire evidencing the CUSIP numbers assigned to the Bonds; or (ii) the letter from the CUSIP Service Bureau listing the CUSIP numbers assigned to the Bonds should be delivered to the Closing Coordinator listed below by fax and/or email in order that AGM may request the assignment of an insured rating for the Bonds.

AGM will deliver to Bond Counsel at the pre-closing, assuming the requirements of the Commitment have been met, an opinion of counsel as to the validity of the insurance policy, a disclosure, no default and tax certificate and the executed original insurance policy. Prior to the closing, AGM will obtain rating letters from the rating agencies indicated in the official statement. Note that any questions with regard to rating agency fees should be directed to the respective rating agency.

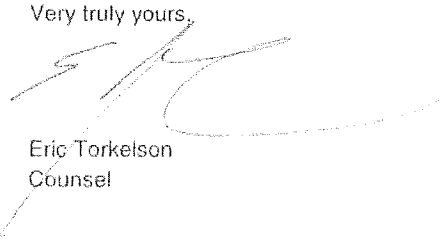
Please include the following people on the Distribution List for this transaction:

Eric Torkelson, Counsel	Telephone:	(212) 408-6057
	Telecopier:	(212) 445-8705
	E-Mail:	ETorkelson@assuredguaranty.com
Scott Madden, Director	Telephone:	(212) 408-6040
	Telecopier:	(212) 893-9645
	E-Mail:	SMadden@assuredguaranty.com
Audrey A. Udit, Closing Coordinator	Telephone:	(212) 339-3548
	Telecopier:	(212) 857-0560
	E-Mail:	AUdit@assuredguaranty.com

As a post-closing condition, AGM shall receive one original and two copies of the final closing transcript of proceedings. Such closing transcript may be in the form of either hard copies or three CD-ROMs.

AGM looks forward to working with you on this transaction.

Very truly yours,



Eric Torkelson
Counsel

ec: John Stump, Esq.; Steptoe & Johnson PLLC
Brian Nurick; Compass Municipal Advisors, LLC

MUNICIPAL BOND INSURANCE COMMITMENT

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") hereby commits to issue its Municipal Bond Insurance Policy (the "Policy") relating to whole maturities of the debt obligations described in Exhibit A attached hereto (the "Bonds"), subject to the terms and conditions set forth in this Commitment or added hereto (the "Commitment"). For the avoidance of doubt, each of the Exhibits attached hereto is an integrated part of this Commitment. To keep this Commitment in effect after the Expiration Date set forth in Exhibit A attached hereto, a request for renewal must be submitted to AGM prior to such Expiration Date. AGM reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The transaction documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.

2. No event shall occur which would permit any underwriter or purchaser of the Bonds, otherwise required, not to be required to underwrite or purchase the Bonds on the date scheduled for the issuance and delivery thereof ("Closing Date").

3. On the date hereof and on the Closing Date, there shall have been no material adverse change in or affecting the Issuer or the Bonds (including, without limitation, the security for the Bonds or the proposed debt service schedule of the Bonds), any disclosure document relating to the Bonds (the "Official Statement"), the financing documents to be executed and delivered with respect to the Bonds, the legal opinions to be executed and delivered in connection with the issuance and sale of the Bonds, or any other information submitted to AGM with respect to the referenced transaction, or the Bonds, from that previously delivered or otherwise communicated to AGM.

4. The Bonds shall contain no reference to AGM, the Policy or the insurance evidenced thereby except as may be approved by AGM. BOND PROOFS SHALL HAVE BEEN APPROVED BY AGM PRIOR TO PRINTING. The Bonds shall bear a Statement of Insurance in the form provided by AGM.

5. AGM shall be provided with:

(a) Executed copies of all financing documents, the Official Statement and the various legal opinions delivered in connection with the issuance and sale of the Bonds (which shall be dated the Closing Date and which, except for the opinions of counsel relating to the adequacy of disclosure, shall be addressed to AGM or accompanied by a letter of such counsel permitting AGM to rely on such opinion as if such opinion were addressed to AGM), including, without limitation, the approving opinion of bond counsel. Each of the foregoing shall be in form and substance acceptable to AGM. Copies of all drafts of such documents prepared subsequent to the date of the Commitment (blacklined to reflect all revisions from previously reviewed drafts) shall be furnished to AGM for review and approval. Final drafts of such documents shall be provided to AGM at least three (3) business days prior to the issuance of the Policy, unless AGM shall agree to some shorter period.

(b) Evidence of wire transfer in federal funds of an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Bonds.

(c) Standard & Poor's Rating Service and Moody's Investors Service Inc. will separately present bills for their respective fees relating to the Bonds. Payment of such bills by the Issuer should be made directly to such rating agency. Payment of the rating fee is not a condition to release of the Policy by AGM.

6. Promptly after the closing of the Bonds, AGM shall receive three completed sets of executed documents (one original and either (i) two photocopies (each unbound) or (ii) two compact discs).

7. The Official Statement shall contain the language provided by AGM and only such other references to AGM or otherwise as AGM shall supply or approve. AGM SHALL BE PROVIDED WITH FOUR PRINTED COPIES OF THE OFFICIAL STATEMENT.

MUNICIPAL BOND INSURANCE COMMITMENT
TERM SHEET

Issuer: Berkeley County Public Service District (West Virginia)

Name of Bonds Insured: Water Refunding Revenue Bonds, Series 2015 B

Principal Amount of Bonds Insured: Not to Exceed $600,000

Date of Commitment: January 21, 2015 Expiration Date: Friday, March 20, 2015*

Premium: .25% of total debt service on the Bonds Insured with an S&P rating (with the cost of the S&P rating to be paid by AGM).

Additional Conditions:

1. The amortization schedule for, and final maturity date of, the Bonds shall be acceptable to AGM.

2. The premium rate is contingent upon Moody's assigning an underlying rating of no less than "A3" to the Bonds.

3. Each of the financing documents relating to the Bonds shall contain substantially identical terms and conditions relating to the Insurer and the Insurance Policy as set forth in the same financing documents relating to the Issuer's Water Refunding Revenue Bonds, Series 2013 A and Series 2013 B insured by AGM on December 30, 2013 (Policy No. 215871-N) (the "2013 Bonds"), subject to the following modifications (with appropriate definitional changes to conform to the base documents):

   a. The language under item (c) of Exhibit A to the Certificate of Determinations for the 2013 Bonds to be included in the Certificate of Determinations for the Bonds shall include the following new sentences after the first sentence thereof:

   "In furtherance thereof and as a term of the Resolution and the Series 2015 B Bonds, the Paying Agent and each Holder of the Series 2015 B Bonds appoint the Insurer as their agent and attorney-in-fact with respect to the Series 2015 B Bonds and agree that the Insurer may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Paying Agent and each Holder of the Series 2015 B Bonds delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Paying Agent and each Holder of the Series 2015 B Bonds with respect to the Series 2015 B Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding."

4. AGM shall be provided with legal opinions substantially identical to those delivered in connection with the 2013 Bonds (which, except for the opinion of counsel to the underwriters, shall be addressed to AGM or accompanied by a letter of such counsel permitting AGM to rely on such as if such opinion were addressed to AGM).

Capitalized terms used in this Commitment and not otherwise defined shall have the meanings assigned to them in the transaction document authorizing the issuance of, and setting forth the terms for, the Bonds described above (the "Resolution").

ASSURED GUARANTY MUNICIPAL CORP.

Authorized Officer

*To maintain the Commitment in effect until the Expiration Date, AGM must receive a duplicate of this Exhibit A executed by an authorized officer of the Issuer by the earlier of the date on which the Official Statement containing disclosure language regarding AGM is circulated and ten days from the date of this Commitment.

The undersigned, an authorized officer of the Issuer, agrees that (i) if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to insure the payment when due of the principal of and interest on the Bonds and whether the Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer insure the Bonds or obtain the Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Policy, any related insurance document or the documentation governing the Bonds do not constitute a recommendation to insure the Bonds or obtain the Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including without limitation being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse effect on the Bonds; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Authorized Officer

PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")

AGM's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid:

Upon determination of the final debt service schedule, fax such schedule to AGM
Attention: Scott Madden, Director
Phone No.: (212) 408-6040
Fax No.: (212) 893-9645

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date: Date of Delivery of the insured bonds.

Method of Payment: Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank:	The Bank of New York
ABA#:	021 000 018
Acct. Name:	Assured Guaranty Municipal Corp.
Account No.:	8900297263
Transaction No.:	141699-N

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Audrey A. Udit, Closing Coordinator , (212) 339-3548.

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE COMMITMENT

Issuer:	Berkeley County Public Service District (West Virginia)	Date of Commitment:	January 21, 2015
Bonds Insured:	Water Refunding Revenue Bonds, Series 2015 B		
Premium:	1.00% of Policy Limit	Expiration Date:	Friday, March 20, 2015
Policy Limit:	A dollar amount equal to the Series 2015 B Bonds Reserve Requirement for the Bonds Insured, as specified under the Authorizing Document (defined below)		

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), a stock insurance company, hereby commits to issue its Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Policy"), in the form attached hereto as Exhibit B, relating to the above-described debt obligations (the "Bonds"), subject to the terms and conditions contained herein or added hereto. All terms used herein and not otherwise defined shall have the meanings ascribed to them in the document setting forth the security for and authorizing the issuance of the Bonds (the "Authorizing Document").

To keep this Commitment in effect after the Expiration Date set forth above, a request for renewal must be submitted to AGM prior to such expiration date. AGM reserves the right to refuse wholly or in part to grant a renewal. To keep the Commitment in effect to the Expiration Date set forth above, AGM must receive a duplicate of this Commitment executed by an authorized officer of the Issuer by the date which is ten days from the date of this Commitment.

THE RESERVE POLICY SHALL BE ISSUED UPON SATISFACTION OF THE FOLLOWING CONDITIONS:

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.

2. No event shall occur which would permit any purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.

3. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the Official Statement (or any similar disclosure documents) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions or forms thereof approved by AGM.

4. Any Official Statement (or similar disclosure document) relating to the Bonds shall contain only such references to the Reserve Policy and AGM as AGM shall supply or approve.

5. The Reserve Policy shall expire on the earlier of the date the Bonds are no longer outstanding and the final maturity date of the Bonds.

6. AGM shall insure the Bonds pursuant to its Commitment Letter dated January 21, 2015.

7. The Authorizing Document shall incorporate the terms and provisions set forth in Exhibit A – Authorizing Document Requirements.

8. Prior to closing of the Bonds, AGM shall be provided with:

(a) A letter from Steptoe & Johnson PLLC ("Bond Counsel") addressed to AGM to the effect that AGM may rely on the approving opinion(s) of Bond Counsel as if such opinion(s) were addressed to AGM;

(b) An opinion(s) of Bond Counsel, addressed to and in form and substance satisfactory to AGM, as to (i) the due authorization, validity and enforceability of the Authorizing Document and the Insurance Agreement, (ii) the Reserve Policy constituting a permitted debt service reserve instrument under the applicable provisions of the Authorizing Document, (iii) the repayment obligations owed to AGM in connection with the Reserve Policy being secured by a valid lien on all revenues and other collateral securing the Bonds (subject only to the priority of payment provisions set forth under the Authorizing Document), and (iv) such other matters AGM shall reasonably request;

(c) A fully-executed copy of the Insurance Agreement in substantially the form of Exhibit C hereto; and

(d) Evidence of wire transfer in federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Reserve Policy.

9. Promptly after the issuance of the Reserve Policy, AGM shall receive a complete set of executed documents implementing the requirements of this Commitment.

ASSURED GUARANTY MUNICIPAL CORP.

Authorized Officer

*To keep this commitment in effect to the Expiration Date set forth on the first page, AGM must receive by the date which is ten days from the date of this Commitment a duplicate of this Commitment executed by an appropriate officer of the Issuer.

[*THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK*]

The undersigned, an authorized officer of the Issuer, agrees that (i) if the debt service reserve fund requirement for the Bonds is satisfied by a credit instrument, such credit instrument shall be the Reserve Policy provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to obtain the Reserve Policy and whether the Reserve Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer deposit a credit instrument into the debt service reserve fund for the Bonds or obtain the Reserve Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Reserve Policy, any related insurance document or the documentation governing the Bonds do not constitute a recommendation to obtain the Reserve Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including, without limitation, being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained and that any such review for possible downgrade, downward revision or withdrawal may have an adverse affect on the Bonds or on the Reserve Policy constituting a permitted debt service reserve instrument under the Authorizing Document; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (iii) through (viii) above shall survive the expiration or termination of this Commitment.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: _____

Title: _____

Date: _____

AUTHORIZING DOCUMENT REQUIREMENTS

The Authorizing Document shall incorporate the following requirements either in one section or article entitled "Provisions Relating to 2015 B Reserve Policy" (or the like), **the provisions of which section or article shall be stated in the Authorizing Document to govern, notwithstanding anything to the contrary set forth in the Authorizing Document**, or individually in the appropriate sections. The Authorizing Document otherwise shall be in form and substance acceptable to AGM:

(a) The Issuer shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2015 B Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Series 2015 B Bonds (subject only to the priority of payment provisions set forth under the Resolution).

All cash and investments in the Series 2015 B Bonds Reserve Account established for the Series 2015 B Bonds (the "Reserve Fund") shall be transferred to the Series 2015 B Bonds Sinking Fund for payment of debt service on Series 2015 B Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Resolution other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

(c) The Resolution shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Series 2015 B Bonds.

(d) The Issuer shall include any Policy Costs then due and owing the Insurer in the calculation of the additional bonds test and the rate covenant in the Resolution.

(e) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) hereof and to provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Series 2015 B Bonds. Where deposits are required to be made by the Issuer with the Trustee to the Series 2015 B Bonds Sinking Fund for the Series 2015 B Bonds more often than semi-annually, the Trustee shall give notice to the Insurer of any failure of the Issuer to make timely payment in full of such deposits within two Business Days of the date due.

EXHIBIT B

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: Policy No.:

BONDS: Effective Date:

Premium: $

Termination Date:

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Insurance Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to AGM by or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the

stated date for payment of interest. "Insurance Agreement" means the Insurance Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed $. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

(212) 974-0100

EXHIBIT C

INSURANCE AGREEMENT

THIS INSURANCE AGREEMENT, dated _____ (the "Agreement"), by and between Berkeley County Public Service District, West Virginia (the "Issuer") and Assured Guaranty Municipal Corp. (the "Insurer").

In consideration of the issuance by the Insurer of its Municipal Bond Debt Service Reserve Insurance Policy No. _____ (the "Reserve Policy") with respect to the Issuer's Water Refunding Revenue Bonds, Series 2015 B (the "Bonds") issued under the bond authorizing resolution adopted by the Public Service Board of the Issuer on January 12, 2015 and a supplemental parameters resolution adopted by the Public Service Board of the Issuer on January 12, 2015 setting forth the security for and authorizing the issuance of the Bonds (the "Authorizing Document") and the Issuer's payment to the Insurer of the insurance premium for the Reserve Policy, the Insurer and the Issuer hereby covenant and agree as follows:

1. Upon any payment by the Insurer under the Reserve Policy, the Insurer shall furnish to the Issuer written instructions as to the manner in which payment of amounts owed to the Insurer as a result of such payment under the Reserve Policy shall be made. Amounts drawn under the Reserve Policy shall be used solely to pay scheduled payments of principal and interest due on the Bonds.

2. The Issuer shall pay the Insurer the principal amount of any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such national bank as the Insurer shall designate. If the interest provisions of this Section 2 shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

3. Repayment of draws and payment of expenses and the interest accrued thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12th of the aggregate of Policy Costs related to such draw. Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due.

4. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

5. All cash and investments in the Series 2015 B Bonds Reserve Account shall be transferred to the Series 2015 B Bonds Sinking Fund for payment of debt service on the Bonds before any drawing may be made on

the Reserve Policy or on any alternative credit instrument. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all alternative credit instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro rata basis (calculated by reference to available coverage under each such alternative credit instrument) after applying available cash and investments in the Series 2015 B Bonds Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to alternative credit instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2015 B Bonds Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

6. If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of the Authorizing Document and this Agreement, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Authorizing Document, other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

7. The Authorizing Document shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

8. In order to secure the Issuer's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of the Insurer a security interest (subject only to the priority of payment provisions set forth under the Authorizing Document) in all revenues and collateral pledged as security for the Bonds.

9. Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the additional bonds test and the rate covenant in the Authorizing Document.

10. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of Section 5 hereof and shall provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the Issuer with the Trustee to the Series 2015 B Bonds Sinking Fund for the Bonds more often than semi-annually, the Trustee shall give notice to the Insurer of any failure of the Issuer to make timely payment in full of such deposits within two Business Days of the date due.

11. The Issuer will pay or reimburse the Insurer any and all charges, fees, costs, losses, liabilities and expenses which the Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of this Agreement, the Authorizing Document or any other document executed in connection with the Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Issuer) relating to this Agreement, the Authorizing Document or any other Related Document, any party to this Agreement, the Authorizing Document or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under this Agreement, the Authorizing Document or any other Related Document, if any, or the pursuit of any remedies under this Agreement, the Authorizing Document or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to this Agreement, the Authorizing Document, the Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by the Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Authorizing Document or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Insurer spent in connection with the actions described in clauses (ii) through (v) above. The Insurer reserves the right to charge a reasonable fee as a

condition to executing any amendment, waiver or consent proposed in respect of this Agreement, the Authorizing Document or any other Related Document. Amounts payable by the Issuer hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Insurer until the date the Insurer is paid in full.

12. The obligation of the Issuer to pay all amounts due under this Agreement shall be an absolute and unconditional obligation of the Issuer and will be paid or performed strictly in accordance with this Agreement, irrespective of: (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Bonds, the Authorizing Document or any other Related Document; (ii) any amendment or other modification of, or waiver with respect to the Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Bonds, this Agreement, the Authorizing Document or any other Related Documents; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from this Agreement, the Reserve Policy, the Authorizing Document or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Issuer may have at any time against the Trustee or any other person or entity other than the Insurer, whether in connection with this Agreement, the transactions contemplated herein, in the Authorizing Document or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Insurer under the Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Reserve Policy.

13. Notices to the Insurer shall be sent to the following address (or such other address as the Insurer may designate in writing): Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No._____.

14. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

15. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Authorizing Document.

16. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.

17. This Agreement and the rights and obligations of the parties of the Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in their respective names as of the date first written above.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT (WEST VIRGINIA)

By: _____
Title:

ASSURED GUARANTY MUNICIPAL CORP.

By: _____
Title: Authorized Officer

PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")

AGM's issuance of its municipal bond debt service reserve insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid:	**Upon determination of the final debt service schedule, fax such schedule to AGM**
	Attention: Scott Madden, Director
	Phone No.: (212) 408-6040
	Fax No.: (212) 893-9645

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date:	Date of Delivery of the insured bonds.
Method of Payment:	Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank:	The Bank of New York
ABA#:	021 000 018
Acct. Name:	Assured Guaranty Municipal Corp.
Account No.:	8900297263
Transaction No.:	141700

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Audrey A. Udit, Closing Coordinator , (212) 339-3548.

ASSURED GUARANTY
MUNICIPAL

February 26, 2015

Municipal Bond Insurance Policy No. 216580-N
and
Municipal Bond Debt Service Reserve Insurance Policy No. 216580-R
With Respect to
$525,000 In Aggregate Principal Amount of
Berkeley County Public Service District (West Virginia)
Water Refunding Revenue Bonds, Series 2015 B

Ladies and Gentlemen:

I am Counsel of Assured Guaranty Municipal Corp., a New York stock insurance company ("AGM"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by AGM of its above-referenced policy no. 216580-N (the "Insurance Policy") and its municipal bond debt service reserve insurance policy no. 216580-R (the "Reserve Policy" and, together with the Insurance Policy, the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. AGM is a stock insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.

2. The Policy has been duly authorized, executed and delivered by AGM.

3. The Policy constitutes the valid and binding obligation of AGM, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of AGM and to the application of general principles of equity.

In addition, please be advised that I have reviewed the description of the Policy under the caption "BOND INSURANCE – Bond Insurance Policy" in the official statement relating to the above-referenced Bonds dated February 17, 2015 (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy referred to above, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, or omitted from, the caption "BOND INSURANCE – Assured Guaranty Municipal Corp.".

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

Very truly yours,

Counsel

Berkeley County Public Service District
Martinsburg, West Virginia

Piper Jaffray & Co.
Charleston, West Virginia

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019
main 1 212 974 0100
fax 1 212 686 3101
info@assuredguaranty.com
www.assuredguaranty.com

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: _____ III

(Authorized Officer's Signature)

William T. Alexander, II, Chairman

(Print Name)

83 Monroe Street

(Street Address)

Martinsburg, WV 25401

(City) (State) (Zip Code)

(304) 264-0995

(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: _____

P-2467 04/99

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.

Berkeley County Public Service District

Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 26th day of February, 2015, by and between BERKELEY COUNTY PUBLIC SERVICE DISTRICT, a public service district 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 $525,000 aggregate principal amount of Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), (the "Series 2015 B Bonds"), in fully registered form pursuant to a Bond Resolution adopted January 12, 2015, as supplemented by a Supplemental Parameters Resolution adopted January 12, 2015 and a Certificate of Determinations dated February 17, 2015, executed by the Chairman of the Issuer (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 2015 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 the Series 2015 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 2015 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
251 Caperton Boulevard
Martinsburg, West Virginia 25403
Attention: Executive Director

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

8. The Bank is hereby requested and authorized to authenticate and deliver the Series 2015 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 Left 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

EXHIBIT A

Bond Legislation

[See Transcript at Tab No. 1 and Tab No. 2]

FEE SCHEDULE

(On File with Issuer)

WEST VIRGINIA
Water Development Authority
Celebrating 41 Years of Service 1974 - 2015

February 26, 2015

Berkeley County Public Service District

Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Decker & Company PLLC, the certified public accountant of the Issuer and Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the First Lien State Bonds and the Second Lien Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in the original aggregate principal amount of $525,000 (the "Series 2015 B Bonds") by Berkeley County Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2015 B Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's:

(1) Water Revenue Bonds, Series 1993 B, dated March 8, 1993, issued in the original aggregate principal amount of $528,871 and held by the West Virginia Water Development Authority (the "Series 1993 B Bonds");

(2) Water Revenue Bonds, Series 1993 D, dated July 29, 1993, issued in the original aggregate principal amount of $10,257,957 and held by the West Virginia Water Development Authority (the "Series 1993 D Bonds");

(3) Water Revenue Bonds, Series 1996, dated August 6, 1996, issued in the original aggregate principal amount of $677,158 and held by the West Virginia Water Development Authority (the "Series 1996 Bonds");

(4) 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"); and

(5) Water Revenue Bonds, Series 2003 C (West Virginia Water Development Authority), dated May 15, 2003, issued in the original aggregate principal amount of $2,430,000 (the "Series 2003 C Bonds") (collectively, the "First Lien State Bonds");

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304)414-0865
www.wvwda.org

and senior and prior to the Issuer's:

(1) Water Revenue Bonds, Series 1993 C, dated March 8, 1993, issued in the original aggregate principal amount of $17,629 and held by the West Virginia Water Development Authority (the "Second Lien Bonds).

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Sheila A. Miller

Authorized Representative

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☒

1 Issuer's name
Berkeley County Public Service District

2 Issuer's employer identification number (EIN)
55-6008864

3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)

3b Telephone number of other person shown on 3a
304.267.4600

4 Number and street (or P.O. box if mail is not delivered to street address) | Room/suite
251 Caperton Boulevard

5 Report number *(For IRS Use Only)*
3

6 City, town, or post office, state, and ZIP code
Martinsburg, West Virginia 25403

7 Date of issue
02/26/2015

8 Name of issue
Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

9 CUSIP number
084246

10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)
Chris Thiel, Executive Director

10b Telephone number of officer or other employee shown on 10a
304.267.4600

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11	
12	Health and hospital	12	
13	Transportation	13	
14	Public safety	14	
15	Environment (including sewage bonds)	15	
16	Housing	16	
17	Utilities	17	536,798
18	Other. Describe ▶	18	
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	12/01/2018	$ 536,798	$ 525,000	2.285 years	1.1564 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	
23	Issue price of entire issue (enter amount from line 21, column (b))			23	536,798
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	21,711		
25	Proceeds used for credit enhancement	25	1,897		
26	Proceeds allocated to reasonably required reserve or replacement fund	26			
27	Proceeds used to currently refund prior issues	27	513,190		
28	Proceeds used to advance refund prior issues	28			
29	Total (add lines 24 through 28)			29	536,798
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	0

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	2.581 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	3/20/2015
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	04/01/2003

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b	Enter the final maturity date of the GIC ▶ _____			
c	Enter the name of the GIC provider ▶ _____			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶ _____

c Enter the EIN of the issuer of the master pool obligation ▶ _____

d Enter the name of the issuer of the master pool obligation ▶ _____

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . . ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶ _____

c Type of hedge ▶ _____

d Term of hedge ▶ _____

42 If the issuer has superintegrated the hedge, check box . . . . . ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box . . . . . ▶ ☒

44 If the issuer has established written procedures to monitor the requirements of section 148, check box . . . . . ▶ ☒

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement . . . . . ▶ _____

b Enter the date the official intent was adopted ▶ _____

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative — Date: 2/24/2015 — Gregory Rhoe, Chairman (Type or print name and title)

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
John C. Stump		2/26/2015		P01236822

Firm's name ▶ Steptoe & Johnson PLLC — Firm's EIN ▶ 55-0286140

Firm's address ▶ PO Box 1588 Charleston, West Virginia 25326 — Phone no. 304.353.8000

WV MUNICIPAL BOND COMMISSION
State Lottery Building
900 Pennsylvania Avenue, Suties 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 26-Feb-2015

ISSUE: Berkeley County Public Service District
Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

ADDRESS: 251 Caperton Boulevard, Martinsburg, WV 25403 COUNTY: Berkeley

PURPOSE OF ISSUE:
New Money:
Refunding: x

REFUNDS ISSUE(S) DATED: 4/1/2003

ISSUE DATE: 2/26/2015 CLOSING DATE: 2/26/2015

ISSUE AMOUNT: $525,000 RATE: Varies

1ST DEBT SERVICE DUE: 6/1/2015 1ST PRINCIPAL DUE 12/1/2015

1ST DEBT SERVICE AMOUNT see DSS PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
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KNOWLEDGEABLE ISSUER CONTACT
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OTHER:
Agency: Original Purchaser
Piper Jaffray & Co.
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Position: Managing Director
Phone: 913.345.3357

DEPOSITS TO MBC AT CLOSE

By:				
x	Wire	x	MBC Fee	$ 1,616.40
	Check		Capitalized Interest:	$
		x	Reserve Account:	$ Surety Bond
		x	Other: Prepayment Fund	$ 513,189.99

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:			
	Wire		To Escrow Trustee	$
	Check		To Issuer	$
x	IGT		To Cons. Invest. Fun	$
		x	To Prepayment Fund	$ see Note 1

NOTES: $78,313.56 from Series 2003 B Bonds Sinking Fund; and $175,936.59from Series 2003 B Bonds Reserve Account will be deposited in the Prepayment Fund for a total of $254,250.15

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
10/27/2014

Entered: October 7, 2014

CASE NO. 14-1356-PWD-PC

BERKELEY COUNTY PUBLIC SERVICE DISTRICT,
dba BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT,
a public utility,

Petition for consent and approval to refinance existing bonded indebtedness.

RECOMMENDED DECISION

This Order approves the Petition requesting consent and approval to refinance existing bonded indebtedness.

PROCEDURE

On July 29, 2014, the Berkeley County Public Service District, dba Berkeley County Public Service Water District (District) filed a Petition requesting the Commission's consent and approval to refinance existing bonded indebtedness. The District is seeking to refinance its Water Revenue Bonds Series 2003B (Series 2003B Bonds) and Water Revenue Bonds Series 2006 (Series 2006 Bonds), which have an outstanding principal balance of $885,000 and $9,575,000, respectively. The District stated that it could refinance the Bonds at a more favorable interest rate, which would result in a net present value cash flow savings of $358,000, or approximately 3.5%. The District proposed to issue Refunding Revenue Bonds for the Series 2003B Bonds in an amount not to exceed $585,000, at an interest rate between 4% and 4.4%, and that amount, together with its accrued debt service reserve funds, would be used to retire the Series 2003B Bonds. Additionally, the District proposed to issue another Refunding Revenue Bond in an amount not to exceed $9,775,000, at an interest rate between 3.6% and 4.3%, to retire the Series 2006 Bonds.

On August 29, 2014, Commission Staff filed its Initial Joint Staff Memorandum requesting additional information from the District regarding discrepancies in the amounts of the proposed not to exceed amounts and the outstanding principal balance, as well as requesting a draft of the bond resolution for the Refunding Revenue Bonds.

On September 3, 2014, draft bond resolutions were filed and on September 5, 2014, the District responded to Staff's request for additional information regarding the discrepancies.

On September 9, 2014, a Commission Referral Order was issued referring the case to the Division of Administrative Law Judges for a decision to be rendered on or before February 24, 2015.

On October 1, 2014, Commission Staff filed its Final Joint Staff Memorandum recommending the refinancing be approved. Specifically, Staff recommended the District's Petition to refinance the Series 2003B Bonds, in an amount not to exceed $585,000, with an interest rate not to exceed 4.4%, be approved; and the refinancing of the Series 2006 Bonds, in an amount not to exceed $9,775,000, with an interest rate not to exceed 4.3%, also be approved. Staff also recommended that any coverage requirements included in the refinancing not exceed 120%. Lastly, Staff recommended that after closing on the two Series 2014 Bonds, the District file a letter stating the amount borrowed and the interest rate for each bond, as a closed entry in the case.

On October 2, 2014, the District filed a Response to the Final Joint Staff Memorandum agreeing with Staff's recommendations, except for a statement in Utility Staff's Memorandum recommending the coverage requirement for the Series 2003B Bonds not exceed 115%. The District explained that the rate coverage covenant in the new bonds require 120% and noted that Staff's final recommendation ultimately included a not to exceed coverage requirement of 120%.

DISCUSSION

Pursuant to W. Va. Code § 16-13A-25, a public service district shall not borrow money without the prior consent and approval of the Commission. Based upon the District's Petition and supporting financial documentation, it is reasonable to grant prior consent and approval for the District to issue Refunding Revenue Bonds in order to refinance the Water Revenue Bonds Series 2003B, in an amount not to exceed $585,000, with an interest rate not to exceed 4.4%, and the Water Revenue Bonds Series 2006, in an amount not to exceed $9,775,000, with an interest rate not to exceed 4.3%, and a debt coverage requirement not to exceed 120%, as recommended by Staff. After closing on the two Series 2014 Bonds, the District should file with the Commission a letter stating the amount borrowed and the interest rate for the bonds.

FINDINGS OF FACT

1. The Berkeley County Public Service District, dba Berkeley County Public Service Water District filed a Petition requesting the Commission's consent and approval to refinance existing bonded indebtedness. (Petition, July 29, 2014).

2. The District is seeking to refinance its Water Series 2003B Bonds and Series 2006 Bonds, which have an outstanding principal balance of $885,000 and $9,575,000, respectively. (Id.).

3. Refinancing the Bonds would result in a net present value cash flow savings of $358,000, or approximately 3.5%. (Id.).

4. The District proposed to issue Refunding Revenue Bonds for the Series 2003B Bonds in an amount not to exceed $585,000, at an interest rate between 4% and 4.4%, and that amount, together with its debt service reserve funds, would be used to retire the Series 2003B Bonds. (Id.).

5. The District proposed to issue a Refunding Revenue Bond in an amount not to exceed $9,775,000, at an interest rate between 3.6% and 4.3%, to retire the Series 2006 Bonds. (Id.).

6. The difference in the amount of the outstanding principal balance of the current Bonds and the not to exceed amount of the proposed refinancing, is to allow for a possible fluctuation in interest rates at the time the actual refinancing takes place. (Filing, September 5, 2014).

7. Commission Staff recommended the refinancing of the Series 2003B Bonds, in an amount not to exceed $585,000, with an interest rate not to exceed 4.4%, be approved. (Final Joint Staff Memorandum, October 1, 2014).

8. Commission Staff recommended the refinancing of the Series 2006 Bonds, in an amount not to exceed $9,775,000, with an interest rate not to exceed 4.3%, be approved. (Id.).

9. Commission Staff recommended that any coverage requirements included in the refinancing not exceed 120%. (Id.).

10. Commission Staff recommended that after closing on the two Series 2014 Bonds, the District file a letter stating the amount borrowed and the interest rate for the bonds, as a closed entry in the case. (Id.).

11. The District agreed with Staff's final recommendations. (Filing, October 2, 2014).

CONCLUSIONS OF LAW

1. It is reasonable to approve the Petition filed by the Berkeley County Public Service District, dba Berkeley County Public Service Water District and grant consent and approval to the District to issue Refunding Revenue Bonds in order to refinance the Water Revenue Bonds Series 2003B, in an amount not to exceed $585,000, with an interest rate not to exceed 4.4%, and the Water Revenue Bonds Series 2006, in an amount not to exceed $9,775,000, with an interest rate not to exceed 4.3%, and a debt coverage requirement not to exceed 120%.

2. It is reasonable for the District to file a letter with the Commission, as a closed entry, after closing on the two Series 2014 Bonds, stating the amount borrowed and the interest rate for the bonds.

ORDER

IT IS, THEREFORE, ORDERED that the Petition filed by the Berkeley County Public Service District, dba Berkeley County Public Service Water District requesting the Commission's consent and approval to refinance existing bonded indebtedness be, and hereby is, approved with the District to issue Refunding Revenue Bonds in order to refinance the Water Revenue Bonds Series 2003B, in an amount not to exceed $585,000, with an interest rate not to exceed 4.4%, and the Water Revenue Bonds Series 2006, in an amount not to exceed $9,775,000, with an interest rate not to exceed 4.3%, and a debt coverage requirement for each bond not to exceed 120%.

IT IS FURTHER ORDERED that the District file a letter with the Commission, as a closed entry, after closing on the two Series 2014 Bonds, stating the amount borrowed, the interest rate for the bonds and the required debt coverage.

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

The Executive Secretary is 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.

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 the 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 fifteen (15) day time period, unless it is ordered stayed 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.

K. B. Walker
Administrative Law Judge

KBW:s:lc
141356a.doc

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 2014 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

February 27, 2015

Natalie E. Tennant

Secretary of State

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.
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. 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 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

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)

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 2355; Municipal Corporations ⇐ 4

2. In general

A public service district may be created for the purpose of furnishing water or sewer services, or both water and sewer services. Code, 16–13A–1. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 5

Creation and operation of water or sanitary districts or authorities by issuance of revenue bonds payable from revenues are authorized. Code, 16–13A–1 et seq. State ex rel. Appalachian Power Co. v. Gainer, 1965, 143 S.E.2d 351, 149 W.Va. 740. Health ⇐ 369; Waters And Water Courses ⇐ 183.5

A county court may use Federal Revenue Sharing Funds for ordinary and necessary maintenance and operating expenses for sewage disposal, sanitation, and pollution abatement, and ordinary and necessary capital expenditures authorized by law but may not use such funds for matching purposes under any other federal-aid program. 55 W.Va. Op.Atty.Gen. 116 (June 27, 1973) 1973 WL 159152.

3. Construction and application

A public service district is a public corporation and does not come within constitutional provision which in substance provides that all corporations shall be created by general laws and which is applicable to private corporations. Acts 1953, c. 147, § 1 et seq.; Const. art. 11, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 80(3)

4. Eminent domain powers

Where notice, hearing and order with respect to creation of public service district considered only the question of furnishing water, such district was created only for the purposes of furnishing water services, and had no power to condemn real estate for sewerage facilities. Code, 16-13A-1, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Eminent Domain ⇐ 32

Condemnation by public service district is not a taking of private property for private use in violation of applicable constitutional provision. Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Eminent Domain ⇐ 13

5. Property of public service district

Property of public service district is public property used for public purposes, and, under constitutional provision that public property shall be exempt from taxation, statute authorizing creation of public service districts and granting tax exemption was not violative of constitutional provision requiring that taxation be equal and uniform throughout state. Acts 1953, c. 147, § 1 et seq.; Const. art. 10, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Taxation ⇐ 2289

6. Rates and charges for service

Relief under Federal Securities Act of 1933 was not adequate or sufficient remedy for relief sought by corporations holding sewer revenue bonds of public service district in mandamus proceeding to compel district to establish and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariff reflecting such charges with Public Service Commission, and any relief afforded under provisions of federal statute could not supersede relief which could be granted in mandamus proceeding. Securities Act of 1933, § 1 et seq., 15 U.S.C.A. § 77a et seq.; Code, 16–13A–1 et seq. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 3(8)

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operation-

al and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 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.

C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

Notes of Decisions

In general 1

1. In general

Statute clearly and unambiguously gives Public Service Commission (PSC) power to reduce or increase utility rates whenever it finds that existing rate is unjust, unreasonable, insufficient, or unjustly discriminatory or otherwise in violation of any provision of legislation governing Commission. Code, 24-1-1 et seq., 24-2-3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⇐ 123

Legislature sought to establish in Public Service Commission (PSC) governmental entity which would protect public from unfair rates and practices by public utilities and also ensure that public utilities are given competitive return for their stockholders. Code, 24-2-3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⇐ 123; Public Utilities ⇐ 129

§ 16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the bureau of public health and the division of environmental protection shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules promulgated by the public service commission and such order shall be implemented by the county commission.

Acts 1986, c. 81; Acts 1994, c. 61.

Cross References

Public Service Commission, participation in studies, see § 24–1–1b.

Library References

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-

ment and any other activities required by state and federal law: Provided, however, That the term "stormwater management program" or "stormwater management programs" does not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways.

Acts 1986, c. 81; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐18.
Gas ⇐12.
Municipal Corporations ⇐5, 6.
Waters and Water Courses ⇐183.5.
Westlaw Topic Nos. 104, 190, 268, 405.

C.J.S. Counties § 31.
C.J.S. Gas §§ 43 to 45.
C.J.S. Municipal Corporations § 11.
C.J.S. Waters §§ 483, 543 to 581.

§ 16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the Secretary of State

(a) The county commission of any county may propose the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district by any of the following methods: (1) On its own motion by order duly adopted, (2) upon the recommendation of the Public Service Commission, or (3) by petition of twenty-five percent of the registered voters who reside within the limits of the proposed public service district within one or more counties. The petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: *Provided,* That after the effective date of this section, no new public service district shall be created, enlarged, reduced, merged, dissolved or consolidated under this section without the written consent and approval of the Public Service Commission, which approval and consent shall be in accordance with rules promulgated by the Public Service Commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not the territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: *Provided, however,* That the same territory shall not be included within the boundaries of more than one public service district except where the territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services, stormwater services or gas facilities not being furnished within such territory or part thereof: *Provided further,* That no city, incorporated town or other municipal corporation shall be included within the boundaries of the proposed district

except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

(b) The petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if the territory is situated in more than one county, then the petition shall be filed in the office of the clerk of the county commission of the county in which the major portion of the territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of the county at the first regular meeting after the filing or at a special meeting called for the consideration thereof.

(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. Within ten days of fixing the date of hearing, the county commission shall provide the Executive Secretary of the Public Service Commission with a copy of the order or petition and notification of the time and place of the hearing to be held by the county commission. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for the publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to the hearing.

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing

the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge, dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the Public Service Commission for such purpose: *Provided,* That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the Public Service Commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: *Provided, however,* That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the Public Service Commission. The Public Service Commission may provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The Public Service Commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the Public Service Commission pursuant to this section and section one-b, of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district 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.

Notes of Decisions

Costs 6
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Number of voters within district 5
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Validity 1

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.

State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⇐ 2355; Municipal Corporations ⇐ 4

2. Creation of public service districts

Where notice, hearing and order with respect to creation of public service district considered only the question of furnishing water, such district was created only for the purposes of furnishing water services, and had no power to condemn real estate for sewerage facilities. Code, 16-13A-1, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Eminent Domain ⇐ 32

Where public service district was created for purpose of furnishing water services, county court had authority to add sewerage services to the facilities of the district under appropriate proceedings. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 270

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222; Municipal Corporations ⇐ 225(1)

3. District boundaries

Public service district statute that allowed county commission to designate district's boundaries did not also empower commission to make service territories exclusive, displacing Public Service Commission's (PSC) authority to determine service rights. Code, 16–13A–2. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Counties ⇐ 47

4. Notice of hearing

Provisions of statute, with respect to creation of public service districts, which relate to the filing of the petition or motion of the county court, the description of the territory to be embraced, and like provisions are mandatory; but, despite use of the word "shall," the requirements for posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 12(3); Municipal Corporations ⇐ 12(6)

Though record with respect to creation of public service district was silent with respect to posting of notice of hearing and as to whether hearing was not more than 40 nor less than 20 days after his fixing the date for hearing as provided by statute, there was substantial compliance with statute where hearing was set some time prior to the date of the hearing, there was publication of notice more than ten days prior to the date of the hearing as required, and there were no objections either before, during or after the hearing to the creation of the district or to the procedures employed in its creation. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 12(6)

5. Number of voters within district

Public service district was not void because there were not 100 legal voters owning property within the district. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⇐ 6

6. Costs

Costs of proceeding whereby constitutionality of statute authorizing creation of public service districts was tested would not be taxed against defendant who was chairman of public service board and who, honestly and in good faith, though mistakenly, endeavored to perform his duty in refusing to sign revenue bonds, and each litigant would pay his own costs. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⇐ 190

7. Referendum

A public service district, once created by county court, not subject to referendum on issue to continue or be abolished. 52 W.Va. Op.Atty. Gen. 33 (August 11, 1966) 1966 WL 87428.

§ 16–13A–3. District to be a public corporation and political subdivision; powers thereof; public service boards

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into

contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, or for furnishing stormwater services for the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district, who possess certain educational, business or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the public service commission in conjunction with the division of environmental protection and the bureau of public health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is entitled to appoint one member of the board, and each city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district except in cases of merger or consolidation where the number of board members may equal five.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district and residing within the state of West Virginia, which three members become members of the board of the district without any further act or proceedings except in cases of merger or consolidation where the number of board members may equal five.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three except in cases of merger or consolidation where the number of board members may equal five, and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, is the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the public service commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four years, the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six

years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the public service commission, within thirty days of the appointment, the following information: The new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board. The public service commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

The board shall organize within thirty days following the first 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.

Notes of Decisions

In general 1
Criminal responsibility of members 5
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Removal of members 4
Sale of water 6
Standard of care 2
Tort Claims Act 7

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.

2. Standard of care

Public service district owes duty of reasonable care to avoid damage to property of others with respect to maintenance of water lines. McCloud v. Salt Rock Water Public Service Dist., 2000, 533 S.E.2d 679, 207 W.Va. 453. Waters And Water Courses ⇐ 205

3. Ministerial officers, generally

Public policy of West Virginia, as evidenced by statute making it unlawful for county or district board member or officer to be or become pecuniarily interested in proceeds of any contract or service over which he might have any voice, influence, or control, is not directed against actual fraud or collusion but is for purpose of preventing those acts and eliminating any opportunity therefor, and purpose of statute is to protect public funds and give official recognition to fact that person cannot properly represent public in transacting business with himself. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Courts ⇐ 55; Judges ⇐ 21

4. Removal of members

Public Service District board member can be removed by majority vote of registered voters. 51 W.Va. Op.Atty.Gen. 564 (November 10, 1965) 1965 WL 92492.

5. Criminal responsibility of members

County commissioner's conviction for being or becoming pecuniarily interested in contract over which he might have some voice or influence was supported by evidence of his continued performance of contract maintenance work for public service district after his election to commission. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇐ 60

6. Sale of water

Public Service Districts may sell, at wholesale, bulk water to other municipal corporations. 51 W.Va. Op.Atty.Gen. 739 (March 16, 1966) 1966 WL 87469.

7. Tort Claims Act

Tort Claims Act's protection extended to public service districts, under the Act's definition of political subdivision, which included the term "public service districts," despite general authorization for public service districts to "sue and be sued," in the Public Health statutes. Zirkle v. Elkins Road Public Service Dist., 2007, 655 S.E.2d 155. Waters And Water Courses ⇐ 183.5

§ 16–13A–3a. Removal of members of public service board

The county commission or the public service commission or any other appointive body creating or establishing a public service district under the provisions of this article, or any group of five percent or more of the customers of a public service district, may petition the circuit court of the county in which the district maintains its principal office for the removal of any member of the governing board thereof for consistent violations of any provisions of this article, for reasonable cause which includes, but is not limited to, a continued failure to attend meetings of the board, failure to diligently pursue the objectives for which the district was created, or failure to perform any other duty either prescribed by law or required by a final order of the public service commission or for any malfeasance in public office. Any board member charged with a violation under this section who offers a successful defense against such charges shall be reimbursed for the reasonable costs of such defense from district revenues. Such costs shall be considered as costs associated with rate determination by the public service district and the public service commission. If the circuit court judge hearing the petition for removal finds that the charges are frivolous in nature, the judge may assess all or part of the court costs, plus the reasonable costs associated with the board member's defense, against the party or parties who petitioned the court for the board member's removal.

Acts 1963, c. 75; Acts 1971, c. 72; Acts 1981, c. 124; Acts 1986, c. 81.

Library References

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

Criminal responsibility of members 1
Ministerial officers, generally 2
Sufficiency of evidence 3

1. Criminal responsibility of members

Upon becoming member of county commission, person who is pecuniarily interested in proceeds of any contract or service with public service district violates criminal conflict of interest statute; by virtue of that position, that person has some voice, influence, or control over continuation of contract. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⇐ 60

2. Ministerial officers, generally

Public policy of West Virginia, as evidenced by statute making it unlawful for county or district board member or officer to be or become pecuniarily interested in proceeds of any contract or service over which he might have any voice, influence, or control, is not directed against actual fraud or collusion but is for purpose of preventing those acts and eliminating any opportunity therefor, and purpose of statute is to protect public funds and give official recognition to fact that person cannot properly represent public in transacting business with himself. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Courts ⇐ 55; 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

dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with four thousand or more customers, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served to the Public Service Commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter.

(c) Public service districts selling water to other water utilities for resale may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than fifty thousand dollars, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with annual revenues of fifty thousand dollars or more, but less than two hundred fifty thousand dollars, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with annual revenues of two hundred fifty thousand dollars or more, but less than five hundred thousand dollars, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with annual revenues of five hundred thousand dollars or more, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served and its annual revenue to the public service commission beginning on the first day of July, two thousand, and continue each fiscal year thereafter.

(d) Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules of the board.

(e) The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three, article nine-a, chapter six of this code. Emergency meetings may be called as provided for by said section. A majority of the members constituting the board also constitute a quorum to do business.

(f) The members of the board are not personally liable or responsible for any obligations of the district or the board, but are answerable only for willful

misconduct in the performance of their duties. 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

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1. In general

Board members of the Mt. Zion Public Service District cannot be compensated for performing the duties of treasurer and/or secretary for the Mt. Zion Public Service District; furthermore, a board member may not be compensated for reading meters for the Mt. Zion Public Service District. 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

another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water, sewer or stormwater system or public service district from which such water, sewer or stormwater service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐65, 68.
Municipal Corporations ⇐149, 161.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties §§ 101 to 103, 107 to 118.
C.J.S. Municipal Corporations §§ 361 to 366, 368, 372 to 390.

§ 16–13A–6. Employees of board

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and expedient. The board shall in and by such resolution fix the term of employment and compensation and prescribe the duties to be performed by such employees.

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⇐65, 68, 87.
Municipal Corporations ⇐149, 161, 170.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties §§ 101 to 103, 107 to 118, 128.
C.J.S. Municipal Corporations §§ 361 to 366, 368, 372 to 405.

§ 16–13A–7. Acquisition and operation of district properties

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same, including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities. All contracts involving the expenditure by the district of more than fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three, 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.

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

and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

Whenever such district has constructed, acquired or established water facilities, sewer facilities, a stormwater system, stormwater management program or gas facilities for water, sewer, stormwater or gas services within any city, incorporated town or other municipal corporation included within a district, then such city, incorporated town or other municipal corporation may not thereafter construct, acquire or establish any facilities of the same kind within such city, incorporated town or other municipal corporation without the consent of such district.

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations: Provided, That the power of eminent domain provided in this section does not extend to highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways: Provided, however, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof.

Acts 1953, c. 147; Acts 1980, c. 60; Acts 1981, c. 124; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐103, 104.
Eminent Domain ⇐6, 16.
Municipal Corporations ⇐221, 224.
Westlaw Topic Nos. 104, 148, 268.

C.J.S. Counties §§ 143 to 144, 147.
C.J.S. Municipal Corporations §§ 873 to 880.
C.J.S. Property § 17.

Notes of Decisions

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1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying wa-

ter and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⇐ 123(3); 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,

maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district. The board shall establish rates, fees and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of the public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds under this article. The schedule of the rates, fees and charges may be based upon:

(A) The consumption of water or gas on premises connected with the facilities, taking into consideration domestic, commercial, industrial and public use of water and gas;

(B) The number and kind of fixtures connected with the facilities located on the various premises;

(C) The number of persons served by the facilities;

(D) Any combination of paragraphs (A), (B) and (C) of this subdivision; or

(E) May be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements or stormwater facilities constructed, owned or operated by the West Virginia division of highways.

(2) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate of the charges. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by the district. Notwithstanding the provisions of section eight, article three, chapter twenty-four of this code to the contrary, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars, with the district to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. If a district provides both water and sewer service, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage for water service or fifty dollars and the greater of a sum equal to two twelfths of the average annual usage for wastewater service of the applicant's specific customer class or fifty dollars. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another deposit equal to the greater of a sum equal to two twelfths of the average usage for the applicant's specific customer class or fifty dollars

has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the public service commission may prescribe: *Provided,* That where the customer is a tenant, the district is not required to return the deposit until the time the tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same 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

there is gravity flow or transportation by any other methods approved by the division of health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code and the houses, dwellings and buildings can be adequately served by the sewer facilities of the district and it is declared that the mandatory use of the sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of the districts and of the state. If the public service district requires the property owner to connect with the sewer facilities even when sewage from dwellings may not flow to the main line by gravity and the property owner incurs costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for the changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump or any other method approved by the division of health. Maintenance and operation costs for the extra installation should be reflected in the users charge for approval of the public service commission. The circuit court shall adjudicate the merits of the petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

(d) Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near the sewer facility and the engineer for the district has certified that the sewer facilities are available to and are adequate to serve the owner, tenant or occupant and sewage will flow by gravity or be transported by other methods approved by the division of health from the house, dwelling or building into the sewer facilities, the district may charge, and the owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner, tenant or occupant. Rates and charges for sewage services shall be based upon actual water consumption or the average monthly water consumption based upon the owner's, tenant's or occupant's specific customer class.

(e) Whenever any district has made available a stormwater system to any owner, tenant or occupant of any real property located near the stormwater system and where stormwater from real property affects or drains into the stormwater system, it is hereby found, determined and declared that the owner, tenant or occupant is being served by the stormwater system and it is further hereby found, determined and declared that the mandatory use of the stormwater system is necessary and essential for the health and welfare of the inhabitants and residents of the district and of the state. The district may charge, and the owner, tenant or occupant shall pay the rates, fees and charges for stormwater services established under this article only after thirty-day notice of the availability of the stormwater system has been received by the owner.

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and munici-

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-

view Estates Mobile Home Park, Inc., 1989, 386 S.E.2d 483, 182 W.Va. 116. Eminent Domain ⇐ 2.18

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. Public service district liens

Public service district liens must be docketed to be enforceable against purchaser of property for valuable consideration, without notice. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Gas ⇐ 14.6; Municipal Corporations ⇐ 712(7); Waters And Water Courses ⇐ 203(14)

Public service district's failure to docket notice of lien prior to date purchaser recorded deed of trust prevented district from enforcing sewer lien against purchaser. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Municipal Corporations ⇐ 712(7)

If owner, tenant or occupant of garage apartment did not receive notice that public service district's sewer facilities were available for apartment, district would have been without statutory authority to impose charges and a lien against apartment for sewer services, though the apartment was on a lot containing another dwelling which was properly subject to sewer service charges. Code, 16–13A–9, 16–13A–21. Rhodes v. Malden Public Service Dist., 1983, 301 S.E.2d 601, 171 W.Va. 645. Municipal Corporations ⇐ 712(7)

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222; Municipal Corporations ⇐ 225(1)

4. Rates and charges for service

Statute clearly and unambiguously gives Public Service Commission (PSC) power to reduce or increase utility rates whenever it finds that existing rate is unjust, unreasonable, insufficient, or unjustly discriminatory or otherwise in violation of any provision of legislation governing Commission. Code, 24–1–1 et seq., 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⇐ 123

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 110

Duty imposed on public service district, a public corporation and political subdivision of state, to establish rates and charges sufficient to pay cost of maintenance, operation and depreciation of properties of district and principal of and interest on all bonds issued by district is nondiscretionary duty which may be enforced by mandamus. Code, 16–13A–9. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 80

5. Notice of availability of sewer service

Issue of fact as to whether owner or tenant had received notice that public service district's sewer services were available for garage apartment, so as to allow imposition of sewer service charges and a lien against apartment, was not appropriate for resolution in mandamus proceeding. Code, 16–13A–9, 16–13A–21. Rhodes v. Malden Public Service Dist., 1983, 301 S.E.2d 601, 171 W.Va. 645. Mandamus ⇐ 174

§ 16–13A–9a. Limitations with respect to foreclosure

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine or nineteen of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that

the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought.

Acts 1982, c. 74.

Library References

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

pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine, chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

The treasurer of each public service district shall keep and preserve all financial records of the public service district for ten years, and shall at all times have such records readily available for public inspection. At the end of his term of office, the treasurer of each public service district shall promptly deliver all financial records of the public service district to his successor in office. Any treasurer of a public service district who knowingly or willfully violates any provision of this section is guilty of a misdemeanor, and shall be fined not less than one hundred dollars nor more than five hundred dollars or imprisoned in the county jail not more than ten days, or both.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81.

Library References

Counties ⇐154.5.
Municipal Corporations ⇐879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

§ 16-13A-12. Disbursement of district funds

No money may be paid out by a district except upon an order signed by the chairman and secretary of such board, or such other person or persons authorized by the chairman or secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the board.

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⇐158.
Municipal Corporations ⇐883.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 198.
C.J.S. Municipal Corporations §§ 1626, 1635.

§ 16–13A–13. Revenue bonds

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolution or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized.

Acts 1953, c. 147; Acts 1970, c. 11; Acts 1970, c. 12; Acts 1970, 1st Ex. Sess., c. 2; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 1989, c. 174.

Library References

Counties ⇐174.
Municipal Corporations ⇐911.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1647 to 1649.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⇐ 110

Two acts amending same Code section in same manner except as to maximum interest rate of bonds, enacted on same date at same legislative session, and impossible to determine which passed after the other, that having lower maximum interest rate will govern. 53 W.Va. Op.Atty.Gen. 418 (April 8, 1970) 1970 WL 116579.

§ 16–13A–14. Items included in cost of properties

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, water quality improvement activities necessary to comply with all federal and state requirements; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

Acts 1953, c. 147; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐154.5.
Municipal Corporations ⇐879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

§ 16–13A–15. Bonds may be secured by trust indenture

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable

and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee.

Acts 1953, c. 147.

Library References

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.

§ 16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided.

Acts 1953, c. 147.

Library References

Counties ⇐188.
Municipal Corporations ⇐937, 955.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1707, 1711.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all 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.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer, stormwater or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer, stormwater or gas system is located to be placed in the general funds of such county commission.

Acts 1963, c. 75; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 160, eff. 90 days after April 10, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐110.
Municipal Corporations ⇐225.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 147.
C.J.S. Municipal Corporations §§ 882 to 892.

§ 16–13A–19. Statutory mortgage lien created; foreclosure thereof

There shall be and is hereby created a statutory mortgage lien upon such public service properties of the district, which shall exist in favor of the holders of bonds hereby authorized to be issued, and each of them, and the coupons attached to said bonds, and such public service properties shall remain subject to such statutory mortgage lien until payment in full of all principal of and interest on such bonds. Any holder of such bonds, of any coupons attached thereto, may, either at law or in equity, enforce said statutory mortgage lien conferred hereby and upon default in the payment of the principal of or interest on said bonds, may foreclose such statutory mortgage lien in the manner now provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

Acts 1953, c. 147.

Library References

Counties ⇐188.
Municipal Corporations ⇐937, 955.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1707, 1711.

Notes of Decisions

In general 1

1. In general

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⇐ 222; Municipal Corporations ⇐ 225(1)

§ 16–13A–20. Refunding revenue bonds

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding

bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded.

Acts 1953, c. 147.

Library References

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

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

delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⚿ 2355; Municipal Corporations ⚿ 4

2. In general

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⚿ 222; Municipal Corporations ⚿ 225(1)

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)

§ 16–13A–22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards

All acts and proceedings taken by any county court of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect, for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city, incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article.

Acts 1958, c. 14; Acts 1960, c. 19.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

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

advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

Acts 1958, c. 14; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 118; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐149.
Municipal Corporations ⇐864(3).
Westlaw Topic Nos. 104, 268.
C.J.S. Counties §§ 185, 187.
C.J.S. Municipal Corporations §§ 1583 to 1585, 1587.

Notes of Decisions

In general 1

1. In general

The borrowing by PSD's of money from counties and/or municipalities, as evidenced by a note, is permissible borrowing under this section. 62 W.Va. Op.Atty.Gen. 27 (May 6, 1988) 1988 WL 483331.

§ 16-13A-25. Borrowing and bond issuance; procedure

(a) Notwithstanding any other provisions of this article to the contrary, a public service district may not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen, twenty or twenty-four of this article without the prior consent and approval of the Public Service Commission: *Provided*, That approval of funding set forth in section eleven, article two, chapter twenty-four of this code or this section is not required if the funding is for a project which has received a certificate of public convenience and necessity after the eighth day of July, two thousand five, from the commission and where the cost of the project changes but the change does not affect the rates established for the project.

(b) The Public Service Commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, a verified statement by the board members that the public service district has complied with chapter five-g of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to:

(1) Experience with the same engineering firm; or

(2) Completion of a construction project requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver.

(c) An engineering contract that meets one or more of the following criteria is exempt from the waiver or approval requirements:

(1) A contract with a public service district that is a Class A utility on the first day of April, two thousand three, or subsequently becomes a Class A utility as defined by commission rule;

(2) A contract with a public service district that does not require borrowing and that can be paid out of existing rates;

(3) A contract where the payment of engineering fees are contingent upon the receipt of funding, and commission approval of the funding, to construct the project which is the subject of the contract; or

(4) A contract that does not exceed fifteen thousand dollars.

(d) Requests for approval or waivers of engineering contracts shall be deemed granted thirty days after the filing date unless the staff of the Public Service Commission or a party files an objection to the request. If an objection is filed, the Public Service Commission shall issue its decision within one hundred twenty days of the filing date. In the event objection is received to a request for a waiver, the application shall be considered a request for waiver as well as a request for approval in the event a waiver is not appropriate.

(e) Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the Public Service Commission in accordance with the provision of chapter twenty-four 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

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, 24–2–1-1(a). Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305.
Municipal Corporations ⇐ 708

2. Certificate of public convenience and necessity

Public Service district must obtain certificate of public convenience and necessity before it can acquire or construct public service property. Code, 16–13A–25. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305.
Public Utilities ⇐ 113

West's

Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

Chapter 16

2014
Cumulative Annual Pocket Part

Replacing 2013 Pocket Part supplementing 2008 Main Volume

Includes laws through the 2014 Second Extraordinary Session

THOMSON REUTERS

ARTICLE 13A
PUBLIC SERVICE DISTRICTS

Section		Section	
16-13A-3.	District to be a public corporation and political subdivision; powers thereof; public service boards.	16-13A-9.	Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-4.	Board chairman; members' compensation; procedure; district name.	16-13A-18a.	Sale, lease or rental of water, sewer, stormwater or gas system by district; distribution of proceeds.
16-13A-7.	Acquisition and operation of district properties.		

§ 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name; and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, or for furnishing storm water 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. In the event the public service district is providing any utility service and billing rates and charges to its customers, at least one board member shall be a rate-paying residential customer of the public service district: *Provided*, That if an existing public service board does not have a member who is a rate-paying residential customer of the public service district on July 1, 2013, the next following appointment to the board shall be a rate-paying residential customer of that public service district. For purposes of this section, "rate-paying residential customer" means a person who:

(1) In the case of a water or sewer public service district, is physically connected to and actively receiving residential public service district utility services; or

(2) In the case of a storm water public service district, has storm water conveyed away from the residential property by a utility owned system; and

(3) Has an active account in good standing and is the occupier of the residential property which is on the public service district utility service account.

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 Department of Environmental Protection and the Bureau for Public Health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after board member's term has expired or such board member

has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is entitled to appoint one member of the board, and each city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district except in cases of merger or consolidation where the number of board members may equal five.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district and residing within the State of West Virginia, which three members become members of the board of the district without any further act or proceedings except in cases of merger or consolidation where the number of board members may equal five.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three except in cases of merger or consolidation where the number of board members may equal five, and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, is the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the Public Service Commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four years, the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: *Provided*, That any member or members of the board may be removed from their respective office as provided in section three-a of this article.

Any vacancy shall be filled for the unexpired term within thirty days; otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be

appointed in the same manner as the member succeeded was appointed. The district shall provide to the Public Service Commission, within thirty days of the appointment, the following information: The new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board. The Public Service Commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after January 1 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; Acts 2013, c. 163, eff. July 1, 2013.

§ 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 $100 per attendance at regular monthly meetings and $75 per attendance at additional special meetings, total salary not to exceed $2,000 per annum;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to $125 per attendance at regular monthly meetings and $100 per attendance at additional special meetings, total salary not to exceed $3,250 per annum;

(3) For districts with two thousand customers or more, but fewer than four thousand customers, up to $150 per attendance at regular monthly meetings and $100 per attendance at additional special meetings, total salary not to exceed $4,500 per annum; and

(4) For districts with four thousand or more customers, up to $200 per attendance at regular monthly meetings and $150 per attendance at additional special meetings, total salary not to exceed $6,400 per annum.

The public service district shall certify the number of customers served to the Public Service Commission on July 1 of each fiscal year.

(c) Public service districts selling water to other water utilities for resale or public service districts which provide sewer treatment for other sewer utilities may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than $50,000, up to $100 per attendance at regular monthly meetings and $75 per attendance at additional special meetings, total salary not to exceed $2,000 per annum;

(2) For districts with annual revenues of $50,000 or more, but less than $250,000, up to $125 per attendance at regular monthly meetings and $100 per attendance at special meetings, total salary not to exceed $3,250 per annum;

(3) For districts with annual revenues of $250,000 or more, but less than $500,000, up to $150 per attendance at regular monthly meetings and $100 per attendance at additional special meetings, total salary not to exceed $4,500 per annum; and

(4) For districts with annual revenues of $500,000 or more, up to $200 per attendance at regular monthly meetings and $150 per attendance at additional special meetings, total salary not to exceed $6,400 per annum.

The public service district shall certify the number of customers served and its annual revenue to the Public Service Commission on July 1 of each fiscal year.

(d) Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided by the rules of the board. Notwithstanding any other provision of this code to the contrary, board members are not eligible for salary payment or reimbursement for expenses incurred prior to the public service district initiating service to its first customer. Salary and reimbursement for expenses may be incurred only at meetings occurring after the public service district initiated service to customers.

(e) The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three, article nine-a, chapter six of this code. Emergency meetings may be called as provided by that section. A majority of the members constituting the board also constitute a quorum to do business.

(f) The members of the board are not personally liable or responsible for any obligations of the district or the board, but are answerable only for willful misconduct in the performance of their duties. The county commission which created a district or county commissions if more than one created the district may, upon written request of the district, adopt an order changing the official name of a public service district: *Provided,* That the 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; Acts 2013, c. 163, eff. July 1, 2013.

§ 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 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.

§ 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.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer, stormwater or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer, stormwater or gas system is located to be placed in the general funds of such county commission: *Provided*, That no such distribution shall be required in the case of a sale between political subdivisions of the state.

Acts 1963, c. 75; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 160, eff. 90 days after April 10, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2014, c. 183, eff. June 6, 2014.

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.

COMPASS

February 24, 2015

VIA ELECTRONIC MAIL

Ms. Joyce Chaney
Piper Jaffray
Email: joyce.e.chaney@pjc.com

RE: $525,000 Berkeley County Public Service Water District, West Virginia Water Revenue Refunding Bonds, Series 2015B (the "Bonds")

Dear Ms. Chaney,

Please be advised we have scheduled the closing date for the above-referenced series of Bonds for **Thursday, February 26, 2015**. The net purchase price is computed as follows:

Par Amount of Bonds	$525,000.00
Net Bid Premium	$8,541.84
Total Due from Purchaser	$533,541.84

If you agree with the amount due as shown above, please wire on the delivery date, the stated sum in the form of three wire transfers, per the following instructions:

Wire #1: $513,189.99
BB&T WV
322 70th St SE
Charleston, WV 25304
State of West Virginia
Acct# 5270517317
ABA# 051503394

Wire #2: $18,454.55
Susquehanna Bank
Routing #031309123
Account #10014692411
Account Title: Berkeley Co Public Service District
Attn: Kim McGarrah 304-264-5000

Wire #3: $1,897.30
The Bank of New York
ABA #: 021000018
Acct. Name#: Assured Guaranty Municipal Corp.
Account No.: 8900297263
Series B: Policy # 216580-N & 216580-R

If you have any questions or need further information in preparation for closing, please feel free to contact me at 803-733-1604.

My best regards,

Brian Nurick
Managing Director

BN/cb
cc: Ms. Chris Thiel
John Stump, Esquire

COMPASS

February 24, 2015

VIA ELECTRONIC DELIVERY

Ms. Sara Rogers
Municipal Bond Commission
Sara.L.Rogers@wv.gov

RE: $9,575,000 Berkeley County Public Service Water District, West Virginia Water Revenue Refunding Bonds, Series 2015A

$525,000 Berkeley County Public Service Water District, West Virginia Water Revenue Refunding Bonds, Series 2015B

Collectively (the "Bonds")

Dear Ms. Rogers:

This letter is in reference to the above captioned series of Bonds that are scheduled to close **Thursday, February 26, 2015.**

On the delivery date, you will receive $9,338,175.64 via a wire transfer for the Series 2015A Bonds. Please add this amount to the $100,000.00 received on January 30, 2015 and the cash balance of $153,101.03 in the Series 2006 Sinking Fund bringing the total cash balance in the Sinking Fund to $9,591,276.67. Please deposit the full amount to discharge the Series 2006 Bonds in full.

On the delivery date, you will receive another wire for $513,189.99 for the Series 2015B Bonds. Please add this amount to the cash balance of $175,936.59 in the Series 2003B Debt Service Reserve Fund and the $78,313.56 in the Series 2003B Sinking Fund. This will bring the total cash balance to $767,440.14. Please deposit the full amount to discharge the Series 2003B Bonds in full.

Should you have any questions of the schedules please do not hesitate to contact me at 803-733-1604.

Yours truly,

Brian Nurick
Managing Director

BN/cb

Enclosure

cc: John Stump, Esquire

Berkeley County Public Service District

Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified)

CERTIFICATE OF MUNICIPAL ADVISOR

The undersigned Brian Nurick, Managing Director of Compass Municipal Advisors, LLC (the "Municipal Advisor"), municipal advisor for the Berkeley County Public Service District (the "Issuer") in connection with the issuance of the Water Refunding Revenue Bonds, Series 2015 B (Bank Qualified), in the aggregate principal amount of $525,000, dated February 26, 2015 (the "Series 2015 B Bonds"), hereby certifies this 26th day of February, 2015, that:

1. The Municipal Advisor assisted the Issuer in the competitive sale of the Series 2015 B Bonds on February 17, 2015 (the "Sale"). Attached hereto as Exhibit A are the final financing schedules for the Series 2015 B Bonds prepared by our firm.

2. The Municipal Advisor hereby confirms that the Issuer has purchased a municipal bond debt service reserve insurance policy (the "Surety Policy") from Assured Guaranty Municipal Corp. ("Assured Guaranty") in an amount equal to $52,500, which is equal to the least of: (i) 10% of the principal amount of the Series 2015 B Bonds; (ii) maximum amount of principal and interest payable on the Series 2015 B Bonds in any year; or (iii) 125% of the average annual debt service on the Series 2015 B Bonds payable in any year during the term of the Series 2015 B Bonds. We are of the opinion that providing a debt service reserve account for the Series 2015 B Bonds resulted in the Issuer receiving a lower interest rate on the Series 2015 B Bonds than otherwise would have been available.

3. The Municipal Advisor hereby confirms that the proceeds of the Series 2015 B Bond in the amount of $513,189.99, the $78,313.56 on deposit in the Series 2003 B Bonds Sinking Fund and the $175,936.59 on deposit in the Series 2003 B Reserve account for the Issuer's Water Revenue Bonds, Series 2003 B, dated April 1, 2003, issued in the original aggregate principal amount of $2,030,000 and presently outstanding in the principal amount of $750,000 (the "Series 2003 B Bonds") is sufficient to pay in full the outstanding principal of and interest on the Series 2003 B Bonds on March 20, 2015.

4. The Municipal Advisor does hereby determine that the Municipal Bond Insurance Policy offered by Assured Guaranty for the Series 2015 B Bonds resulted in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Insurance Policy.

5. The Municipal Advisor does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by Assured Guaranty for the Series 2015 B Bonds resulted in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Debt Service Reserve Insurance Policy.

6. The Municipal Advisor hereby confirms that the remaining weighted average maturity of the Series 2003 B Bonds is 2.581 years.

7. The Municipal Advisor hereby confirms that the weighted average maturity of the Series 2015 B Bonds, based on the issue price of the Series 2015 B Bonds from their date of issue (and not on the basis of the principal amount of the Series 2015 B Bonds from their dated date) is 2.285% years.

8. The Series 2015 B Bonds are issued as fixed-rate bonds.

9. The Municipal Advisor has not and will not receive any compensation from the proceeds of the sale of the Series 2015 B Bonds, including investment earnings thereon, in excess of its fee in the amount of $3,952.39.

10. This certificate may be relied upon by the Issuer with respect to the Tax and Non-Arbitrage Certificate relating to the Series 2015 B Bonds and by Steptoe & Johnson PLLC in rendering its opinions with respect to the Series 2015 B Bonds.

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Dated the day and year first written above.

COMPASS MUNICIPAL ADVISORS, LLC

By: _____

Name: Brian Nurick
Title: Managing Director

Exhibit A

Financing Schedules

Berkeley County Public Service Water District
Water Revenue Refunding Bonds, Series 2015B

(Distribution of Funds Schedule)

Pricing: February 17, 2015
Dated Date: February 26, 2015
Delivery Date: February 26, 2015

Sources of Funds:

Par Amount of Bonds		$525,000.00	
Add Accrued Interest		$0.00	
Net Bid Premium		$8,541.84	
Total Due From Purchaser			$533,541.84
Transfer from Series 2003B Sinking Fund			$78,313.56
Transfer from Series 2003B Debt Service Reserve Fund			$175,936.59
Total Sources of Funds			**$787,791.99**

Uses of Funds:

Assured Guaranty Municipal Corp.		$1,897.30	
Bond Insurance Premium	$1,372.30		
Surety Bond Policy for Series 2015B Debt Service Reserve	$525.00		
Municipal Bond Comission		$767,440.14	
Deposit to Series 2003B Sinking Fund to Discharge Bonds in Full	$767,440.14		
Cost of Issuance		$18,454.55	
Remit to Compass Municipal Advisors, LLC their Financial Advisor Fees (Includes Out of Pocket)	$3,952.39		
Remit to Steptoe & Johnson, PLLC their Bond Counsel Fees	$3,500.00		
Remit to Steptoe & Johnson, PLLC their Disclosure Counsel Fees	$2,500.00		
Remit to West Virginia Municipal Bond Commission their Payoff Fees	$1,616.40		
Remit to United Bank their Registrar Fees	$200.00		
Cost of Issuance Contingency	$6,685.76		
Total Uses:			**$787,791.99**

Berkeley County Public Service Water District
Water Revenue Refunding Bonds, Series 2015B

(Flow of Funds Schedule)

Pricing: February 17, 2015
Dated Date: February 26, 2015
Delivery Date: February 26, 2015

From Purchaser

Feb. 26, 2015	Wire Bond Insurance and Surety Bond Premiums to Assured Guaranty Municipal Corp.	$1,897.30
Feb. 26, 2015	Wire a Portion of Bond Proceeds to West Virginia Municipal Bond Commission	$513,189.99
Feb. 26, 2015	Wire a Portion of Bond Proceeds to Sesquehanna Bank for Distribution of Cost of Issuance	$18,454.55
Totals:		$533,541.84

From West Virginia Municipal Bond Commission

Feb. 26, 2015	Deposit to Series 2003B Sinking Fund to Discharge Bonds in Full	$513,189.99

Series 2003B Sinking Fund

Feb. 26, 2015	Cash Balance from Series 2003B Debt Service Reserve Fund	$175,936.59
Feb. 26, 2015	Cash Balance from Series 2003B Sinking Fund	$78,313.56
Feb. 26, 2015	Deposit a Portion of Bond Proceeds from Series 2015B Bonds	$513,189.99
Totals:		$767,440.14

Wiring Instructions

Berkeley County Water District
Susquehanna Bank
Routing #031309123
Account #10014692411
Account Title: Berkeley County Public Service District

Assured Guaranty Municipal Corp.
Bank: The Bank of New York
ABA#: 021 000 018
Acct. Name: Assured Guaranty Municipal Corp.
Account No.: 8900297263
Series B: Policy # 216580-N & 216580-R

Municipal Bond Commission
BB&T WV
332 70th St SE
Charleston, WV 25304
State of West Virginia
Acct# 5270517317
ABA# 051503394

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Sources & Uses

Dated 02/26/2015 | Delivered 02/26/2015

Sources Of Funds	
Par Amount of Bonds	$525,000.00
Reoffering Premium	11,798.40
Transfers from Prior Issue Debt Service Funds	78,313.56
Transfers from Prior Issue DSR Funds	175,936.59
Total Sources	**$791,048.55**

Uses Of Funds	
Total Underwriter's Discount (0.620%)	3,256.56
Costs of Issuance	18,454.55
Gross Bond Insurance Premium (25.0 bp)	1,372.30
Surety Bond	525.00
Deposit to Current Refunding Fund	767,440.14
Total Uses	**$791,048.55**

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Detail Costs Of Issuance

Dated 02/26/2015 | Delivered 02/26/2015

COSTS OF ISSUANCE DETAIL

Financial Advisor	$3,952.39
Bond Counsel	$3,500.00
Disclosure Counsel	$2,500.00
Municipal Bond Commission	$1,616.40
Bond Registrar	$200.00
Contingnecy	$6,685.76
TOTAL	**$18,454.55**

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2015	Serial Coupon	2.000%	0.500%	130,000.00	101.141%	131,483.30
12/01/2016	Serial Coupon	2.000%	0.650%	130,000.00	102.363%	133,071.90
12/01/2017	Serial Coupon	2.000%	1.000%	130,000.00	102.718%	133,533.40
12/01/2018	Serial Coupon	2.000%	1.250%	135,000.00	102.748%	138,709.80
Total	-	-	-	**$525,000.00**	-	**$536,798.40**

Bid Information

Par Amount of Bonds	$525,000.00
Reoffering Premium or (Discount)	11,798.40
Gross Production	$536,798.40
Total Underwriter's Discount (0.620%)	$(3,256.56)
Bid (101.627%)	533,541.84
Total Purchase Price	$533,541.84
Bond Year Dollars	$1,196.04
Average Life	2.278 Years
Average Coupon	1.9999997%
Net Interest Cost (NIC)	1.2858239%
True Interest Cost (TIC)	1.2710027%

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/01/2015	-	-	2,770.83	2,770.83
12/01/2015	130,000.00	2.000%	5,250.00	135,250.00
06/01/2016	-	-	3,950.00	3,950.00
12/01/2016	130,000.00	2.000%	3,950.00	133,950.00
06/01/2017	-	-	2,650.00	2,650.00
12/01/2017	130,000.00	2.000%	2,650.00	132,650.00
06/01/2018	-	-	1,350.00	1,350.00
12/01/2018	135,000.00	2.000%	1,350.00	136,350.00
Total	**$525,000.00**	-	**$23,920.83**	**$548,920.83**

Yield Statistics

Bond Year Dollars	$1,196.04
Average Life	2.278 Years
Average Coupon	1.9999997%
Net Interest Cost (NIC)	1.2858239%
True Interest Cost (TIC)	1.2710027%
Bond Yield for Arbitrage Purposes	1.1564992%
All Inclusive Cost (AIC)	3.0386961%

IRS Form 8038

Net Interest Cost	0.9885190%
Weighted Average Maturity	2.285 Years

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2015	2,770.83	2,770.83	15,775.00	13,004.17
06/30/2016	139,200.00	139,200.00	168,750.00	29,550.00
06/30/2017	136,600.00	136,600.00	167,977.50	31,377.50
06/30/2018	134,000.00	134,000.00	166,855.00	32,855.00
06/30/2019	136,350.00	136,350.00	165,372.50	29,022.50
06/30/2020	-	-	(10,146.25)	(10,146.25)
Total	**$548,920.83**	**$548,920.83**	**$674,583.75**	**$125,662.92**

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	289,625.27
Effects of changes in DSR investments	(164,857.69)
Net PV Cashflow Savings @ 1.156%(Bond Yield)	124,767.58
Transfers from Prior Issue Debt Service Fund	(78,313.56)
Net Present Value Benefit	$46,454.02
Net PV Benefit / $750,000 Refunded Principal	6.194%
Net PV Benefit / $525,000 Refunding Principal	8.848%

Refunding Bond Information

Refunding Dated Date	2/26/2015
Refunding Delivery Date	2/26/2015

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Proof Of Bond Yield @ 1.1564992%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
02/26/2015	-	1.0000000x	-	-
06/01/2015	2,770.83	0.9969615x	2,762.41	2,762.41
12/01/2015	135,250.00	0.9912298x	134,063.83	136,826.24
06/01/2016	3,950.00	0.9855309x	3,892.85	140,719.08
12/01/2016	133,950.00	0.9798649x	131,252.90	271,971.98
06/01/2017	2,650.00	0.9742314x	2,581.71	274,553.70
12/01/2017	132,650.00	0.9686303x	128,488.81	403,042.50
06/01/2018	1,350.00	0.9630614x	1,300.13	404,342.63
12/01/2018	136,350.00	0.9575245x	130,558.47	534,901.10
Total	**$548,920.83**	-	**$534,901.10**	-

Derivation Of Target Amount

Par Amount of Bonds	$525,000.00
Reoffering Premium or (Discount)	11,798.40
Bond Insurance Premium..... (25.0 bp)	(1,372.30)
Other Credit Enhancement Fees	(525.00)
Original Issue Proceeds	$534,901.10

Berkeley County Public Service Water District

Water Revenue Refunding Bonds, Series 2015 B

FINAL: Sold to Piper Jaffray on 02.17.15 - Delivery on 02.26.15

(Series 2003B Refunding)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance Price	Exponent	Bond Years
02/26/2015	-	-	-	-	-
12/01/2015	130,000.00	101.141%	131,483.30	0.7638889x	100,438.63
12/01/2016	130,000.00	102.363%	133,071.90	1.7638889x	234,724.05
12/01/2017	130,000.00	102.718%	133,533.40	2.7638889x	369,071.48
12/01/2018	135,000.00	102.748%	138,709.80	3.7638889x	522,088.28
Total	**$525,000.00**	-	**$536,798.40**	-	**$1,226,322.43**

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	2.285 Years
Total Interest from Debt Service	23,920.83
Reoffering (Premium) or Discount	(11,798.40)
Total Interest	12,122.43
NIC = Interest / (Issue Price * Average Maturity)	0.9885190%
Bond Yield for Arbitrage Purposes	1.1564992%

Berkeley County Public Service Water District

Water Revenue Refunding Bond, Series 2003B

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
03/01/2015	-	-	15,775.00	15,775.00
09/01/2015	140,000.00	4.000%	15,775.00	155,775.00
03/01/2016	-	-	12,975.00	12,975.00
09/01/2016	145,000.00	4.100%	12,975.00	157,975.00
03/01/2017	-	-	10,002.50	10,002.50
09/01/2017	150,000.00	4.200%	10,002.50	160,002.50
03/01/2018	-	-	6,852.50	6,852.50
09/01/2018	155,000.00	4.300%	6,852.50	161,852.50
03/01/2019	-	-	3,520.00	3,520.00
09/01/2019	160,000.00	4.400%	3,520.00	163,520.00
Total	**$750,000.00**	-	**$98,250.00**	**$848,250.00**

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/26/2015
Average Life	2.581 Years
Average Coupon	5.0764263%
Weighted Average Maturity (Par Basis)	2.581 Years

Refunding Bond Information

Refunding Dated Date	2/26/2015
Refunding Delivery Date	2/26/2015

Berkeley County Public Service Water District

Water Revenue Refunding Bond, Series 2003B

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/26/2015	-	-	-	-	-	-	-
03/01/2015	-	15,775.00	15,775.00	-	-	15,775.00	15,775.00
03/20/2015	750,000.00	1,665.14	751,665.14	-	-	-	-
09/01/2015	-	-	-	140,000.00	4.000%	15,775.00	155,775.00
03/01/2016	-	-	-	-	-	12,975.00	12,975.00
09/01/2016	-	-	-	145,000.00	4.100%	12,975.00	157,975.00
03/01/2017	-	-	-	-	-	10,002.50	10,002.50
09/01/2017	-	-	-	150,000.00	4.200%	10,002.50	160,002.50
03/01/2018	-	-	-	-	-	6,852.50	6,852.50
09/01/2018	-	-	-	155,000.00	4.300%	6,852.50	161,852.50
03/01/2019	-	-	-	-	-	3,520.00	3,520.00
09/01/2019	-	-	-	160,000.00	4.400%	3,520.00	163,520.00
Total	**$750,000.00**	**$17,440.14**	**$767,440.14**	**$750,000.00**	-	**$98,250.00**	**$848,250.00**

Yield Statistics

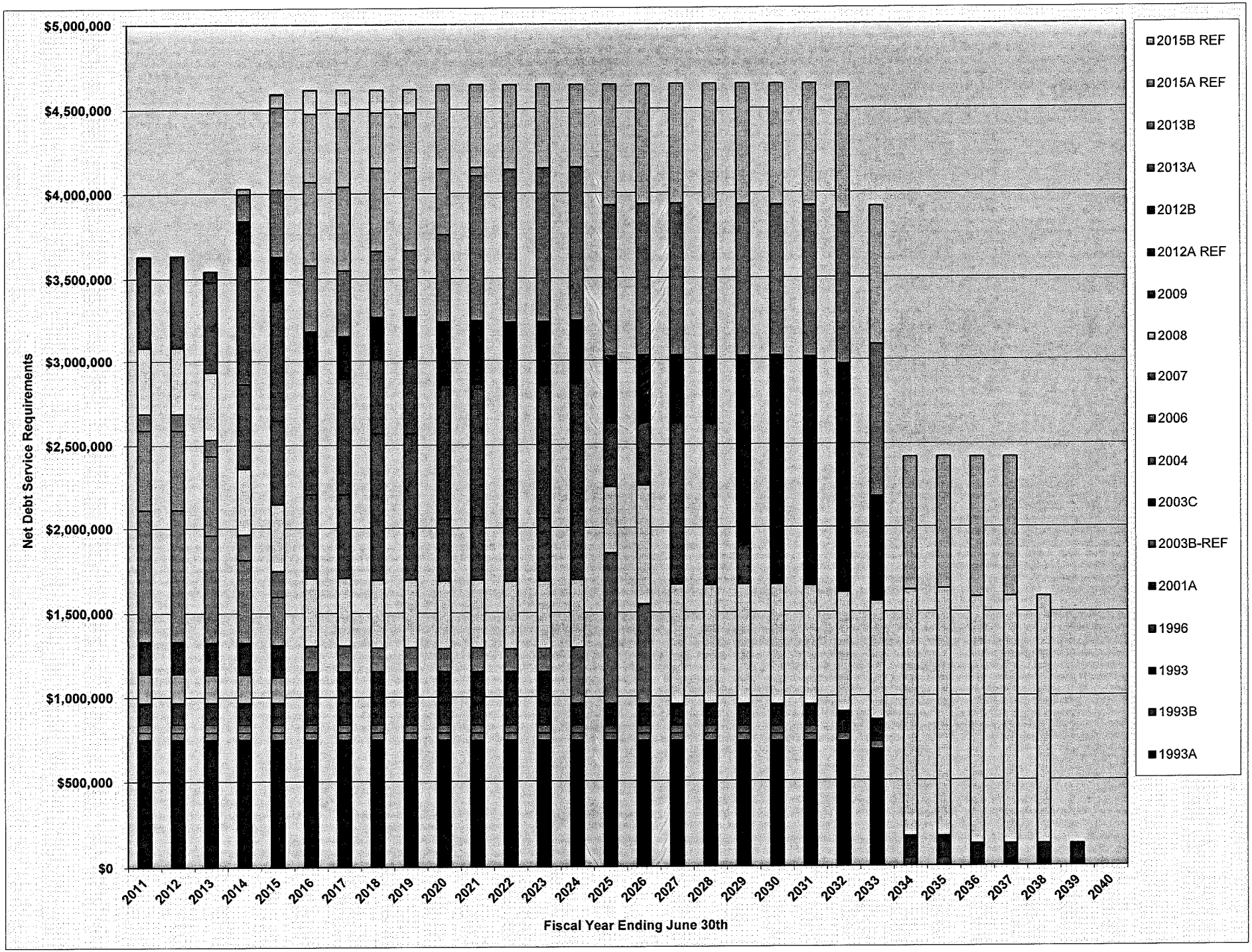
Base date for Avg. Life & Avg. Coupon Calculation	2/26/2015
Average Life	2.581 Years
Average Coupon	5.0764263%
Weighted Average Maturity (Par Basis)	2.581 Years

Refunding Bond Information

Refunding Dated Date	2/26/2015
Refunding Delivery Date	2/26/2015

Debt Capsule Summary Report

Bond Series	Original Issuer	Original Par Amount	Amount Outstanding	Interest Rate Range	Final Maturity	Call Information
1993 (WDA)	Opequon PSD	$9,752,924	$7,911,994	6.750%	04/01/33	WDA Consent Only
1993A (WDA)	Hedgesville PSD	$528,871	$402,069	7.750%	10/01/31	WDA Consent Only
1993B (WDA)	Hedgesville PSD	$17,629	$7,684	0.000%	10/01/31	WDA Consent Only
1996 (WDA)	Hedgesville PSD	$677,158	$538,176	6.250%	10/01/35	WDA Consent Only
2001A (WDA)	Berkeley PSD	$2,010,000	$1,721,022	5.800%	10/01/39	WDA Consent Only
2003C (WDA)	Berkeley PSD	$2,430,000	$1,385,950	5.000%	10/01/23	WDA Consent Only
2007	Berkeley PSD	$2,300,000	$2,185,000	3.800% - 4.250%	12/01/25	Dec. 1, 2015 @ 100%
2008	Berkeley PSD	$9,500,000	$9,500,000	4.000% - 4.250%	12/01/37	Dec. 1, 2015 @ 100%
2009	Berkeley PSD	$7,510,000	$6,140,000	2.800% - 4.400%	12/01/28	Dec. 1, 2016 @ 100%
2012A REF	Berkeley PSD	$7,425,000	$6,245,000	1.500% - 2.375%	12/01/24	Non-Callable
2012B	Berkeley PSD	$7,800,000	$7,750,000	1.350% - 3.250%	12/01/32	Dec. 1, 2022 @ 100%
2013A	Berkeley PSD	$9,900,000	$9,875,000	2.000% - 4.500%	12/01/33	Dec. 1, 2023 @ 100%
2013B	Berkeley PSD	$2,875,000	$2,460,000	1.700% - 3.950%	12/01/20	Make Whole
2015A REF	Berkeley PSD	$9,575,000	$9,575,000	2.000% - 3.250%	12/01/36	Dec. 1, 2025 @ 100%
2015B REF	Berkeley PSD	$525,000	$525,000	2.000%	12/01/18	Non-Callable
Totals:	---	$72,826,582	$66,221,895	---	---	---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Net Debt Service Requirements
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2040
Fiscal Year Ending June 30th
2015B REF
2015A REF
2013B
2013A
2012B
2012A REF
2009
2008
2007
2006
2004
2003C
2003B-REF
2001A
1996
1993
1993B
1993A

Net Debt Service Structure Report

Issuer:	*(Hedgesville) Mar 8, 1993*	*(Hedgesville) Mar 8, 1993*	*(Opequon) Jul 29, 1993*	*(Hedgesville) Aug 6, 1996*	*(Berkeley) Oct 25, 2001*	*(Berkeley) Apr 1, 2003*	*(Berkeley) May 15, 2003*	*(Berkeley) Dec 30, 2004*	*(Berkeley) Dec 31, 2006*	*(Berkeley) Dec 21, 2007*	*(Berkeley) Jan 24, 2008*	*(Berkeley) Feb 17, 2009*	*(Berkeley) Dec 19, 2012*	*(Berkeley) Dec 20, 2012*	*(Berkeley) Dec 30, 2013*	*(Berkeley) Dec 30, 2013*	*(Berkeley) Feb 26, 2015*	*(Berkeley) Feb 26, 2015*	
FY Ending June 30	Series 1993A Bonds	Series 1993B Bonds	Series 1993 Bonds	Series 1996 Bonds	Series 2001A Bonds	Series 2003B-REF Bonds	Series 2003C Bonds	Series 2004 Bonds	Series 2006 Bonds	Series 2007 Bonds	Series 2008 Bonds	Series 2009 Bonds	Series 2012A REF Bonds	Series 2012B Bonds	Series 2013A Bonds	Series 2013B Bonds	Series 2015A REF Bonds	Series 2015B REF Bonds	Net Payment Amount
																			$3,631,947
2011	$745,931	$43,021	$452	$46,412	$131,376	$172,865	$192,527	$777,770	$478,795	$95,821	$396,986	$549,990							$3,634,938
2012	$745,574	$42,995	$452	$46,393	$131,335	$173,666	$192,404	$778,965	$476,345	$95,821	$396,986	$554,000							$3,544,269
2013	$745,193	$42,969	$452	$46,373	$131,292	$169,135	$192,276	$630,918	$478,770	$95,821	$396,986	$552,270	$61,815	$0					$4,029,286
2014	$744,786	$42,940	$452	$46,352	$131,247	$169,353	$192,139		$485,890	$149,886	$396,986	$500,480	$719,443	$262,631	$155,373	$31,329			$4,590,114
2015	$744,352	$42,908	$452	$46,329	$131,198	$153,441	$191,997		$284,680	$152,811	$396,986	$498,660	$723,543	$262,381	$395,175	$486,788	$75,642	$2,771	$4,613,193
2016	$743,889	$42,874	$452	$46,305	$131,147		$191,847			$150,531	$396,986	$501,380	$716,105	$262,088	$394,675	$490,270	$405,444	$139,200	$4,614,147
2017	$743,394	$42,837	$452	$46,280	$131,092		$191,690			$153,156	$396,986	$498,620	$687,330	$261,750	$394,175	$492,090	$437,694	$136,600	$4,613,455
2018	$742,866	$42,798	$452	$46,253	$131,035		$191,526			$140,876	$396,986	$874,670	$439,668	$261,331	$393,675	$491,626	$325,694	$134,000	$4,614,996
2019	$742,302	$42,755	$452	$46,224	$130,974		$191,352			$143,594	$396,986	$873,890	$442,868	$260,831	$393,175	$488,450	$324,794	$136,350	$4,643,923
2020	$741,700	$42,710	$452	$46,193	$130,910		$191,170			$136,222	$396,986	$374,110	$792,368	$389,031	$516,425	$389,603	$496,044		$4,643,929
2021	$741,058	$42,661	$452	$46,161	$130,842		$190,979			$143,747	$396,986	$376,110	$788,168	$390,881	$857,425	$49,018	$489,444		$4,642,088
2022	$740,372	$42,607	$452	$46,126	$130,770		$190,778			$136,169	$396,986	$372,810	$793,668	$387,281	$906,450		$497,619		$4,646,353
2023	$739,640	$42,550	$452	$46,089	$130,693		$190,568			$138,591	$396,986	$374,073	$793,068	$388,219	$909,931		$495,494		$4,642,514
2024	$738,858	$42,488	$452	$46,050	$130,613		$0			$336,513	$396,986	$379,688	$786,078	$388,606	$907,888		$488,294		$4,641,928
2025	$738,024	$42,422	$452	$46,009	$130,528					$892,713	$396,986	$374,741	$0	$403,206	$904,278		$712,569		$4,643,201
2026	$737,134	$42,350	$452	$45,965	$130,438					$592,325	$705,686	$379,223		$397,506	$903,953		$708,169		$4,644,574
2027	$736,183	$42,273	$452	$45,918	$130,342						$707,786	$964,882		$401,656	$906,688		$708,394		$4,644,503
2028	$735,168	$42,190	$452	$45,868	$130,241						$704,386	$961,160		$405,506	$906,438		$713,094		$4,645,025
2029	$734,085	$42,100	$452	$45,815	$130,135						$710,386	$248,599		$1,112,747	$908,438		$712,269		$4,645,070
2030	$732,928	$42,004	$452	$45,759	$130,022						$710,499			$1,364,075	$903,413		$715,919		$4,645,078
2031	$731,694	$41,899	$452	$45,699	$129,902						$704,919			$1,365,325	$906,219		$718,969		$4,646,323
2032	$730,376	$0	$0	$45,636	$129,776						$708,673			$1,359,594	$906,525		$765,744		$3,920,633
2033	$681,468			$45,568	$129,643						$706,658			$622,778	$909,175		$825,344		$2,421,686
2034				$45,497	$129,501						$1,452,795				$0		$793,894		$2,423,276
2035				$45,421	$129,351						$1,461,135						$787,369		$2,420,102
2036				$0	$129,193						$1,456,838						$834,072		$2,422,238
2037					$129,025						$1,459,888						$833,325		$1,589,235
2038					$128,848						$1,460,388								$128,660
2039					$128,660														$0
2040					$0														
Totals:	$16,956,973	$894,351	$9,493	$1,150,694	$3,780,128	$838,460	$2,491,253	$2,187,653	$2,204,480	$3,554,597	$18,904,830	$10,209,355	$7,744,118	$10,947,425	$14,379,491	$2,919,173	$13,865,289	$548,921	$113,586,683
																Max P&I:			*$4,646,353*

MOODY'S
INVESTORS SERVICE

Moody's Investors Service, Inc.
7 World Trade Center
at 250 Greenwich Street
NewYork, NY 10007
+1.212.553.0300 tel
+1.212.553.4820 fax
www.moodys.com

February 18, 2015

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019

To Whom It May Concern:

Moody's Investors Service has assigned the rating of A2 to the $525,000.00 Berkeley County Public Service District (West Virginia), Refunding Revenue Bonds, Series 2015B, dated February 26, 2015 which sold on February 17, 2015, insured by Assured Guaranty Municipal Corp. (Policy No.216580-N). The rating is the highest of (i) the guarantor's financial strength rating, (ii) any published underlying rating on the security, or (iii) any published enhanced rating based on a state credit enhancement program.

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Moody's has not consented and will not consent to being named as an expert under applicable securities laws, such as section 7 of the Securities Act of 1933. The assignment of a rating does not create a fiduciary relationship between Moody's and you or between Moody's and other recipients of a Credit Rating. Moody's Credit Ratings are not and do not provide investment advice or recommendations to purchase, sell or hold particular securities. Moody's issues Credit Ratings with the expectation and understanding that each investor will make its own evaluation of each security that is under consideration for purchase, sale or holding.

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If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supercede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact Daniel Hellige at (212) 553-3682.

Sincerely yours,

Moody's Investors Service, Inc.

Moody's Investors Service, Inc.

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212-438-2000
reference no.: 1382383

February 17, 2015

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019
Attention: Mr. Richard Bauerfeld, Chief Surveillance Officer

Re: ***$525,000 Berkeley County Public Service District (West Virginia), Water Refunding Revenue Bonds, Series 2015B, dated: Date of delivery, due: December 01, 2015-2018, (POLICY #216580-N)***

Dear Mr. Bauerfeld:

Standard & Poor's Ratings Services ("Ratings Services") has assigned an insured rating of "AA" on the above obligations, based on the policy provided by your company.

We may adjust the underlying rating and the capital charge as a result of changes in the financial position of the issuer or performance of the collateral, or of amendments to the documents governing the issue, as applicable. With respect to the letter, please notify us of any changes or amendments over the term of the debt.

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Standard & Poor's must receive complete documentation relating to this issue no later than 90 days after the date of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

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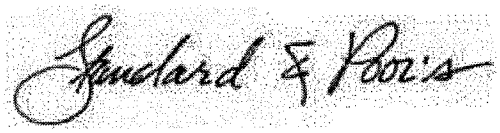
Sincerely yours,



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enclosure

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