

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2016 A
(West Virginia Infrastructure Fund)**

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

**WATER REVENUE BONDS, SERIES 2016 A
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND RESOLUTION

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BERKELEY COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER SYSTEM OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY BERKELEY COUNTY PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$5,213,278 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2016 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

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

B. The Issuer presently owns and operates a public water system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that the acquisition and construction of certain additions, improvements and betterments to the existing public water system of the Issuer, which consisted of construction and installation of a 2-million gallon elevated water storage tank, a new water booster pump station, improvements to two existing water booster stations, two water main extensions (approximate total length 5,600 feet), pressure control stations and hydraulic modeling, together with all appurtenant facilities (collectively, the "Project"), (the existing public water system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System").

C. The Issuer intends to permanently finance the costs of acquisition of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund pursuant to the Act.

D. The Series 2016 A Bonds shall be payable only from and secured by a first lien on Surplus Revenues, if any, on the System until such time as Issuer can meet the parity tests established by the Prior Resolutions, then the Series 2016 A Bonds shall have a lien on the Net Revenue derived from the System, on a parity with the lien on the Net Revenues in favor of the holders of the First Lien Bonds and senior and prior to the Second Lien Bonds hereinafter defined.

E. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2016 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$5,213,278 (the "Series 2016 A Bonds"), to finance the costs of acquisition of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2016 A Bonds prior to and during acquisition of the Project and for a period not exceeding 6 months after completion of acquisition of the Project; amounts which may be deposited in the Series 2016 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2016 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2016 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

F. The period of usefulness of the System after completion of the Project is not less than 25 years.

G. It is in the best interests of the Issuer that its Series 2016 A Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") in form satisfactory to the Issuer, the Authority and the Council, approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer secured by the Net Revenues, 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 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");

(7) 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");

(8) 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");

(9) 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”);

(10) Water Refunding Revenue Bonds, Series 2015 A (Bank-Qualified), dated February 26, 2015, issued in the original aggregate principal amount of \$9,575,000 (the “Series 2015 A Bonds”);

(11) Water Refunding Revenue Bonds, Series 2015 B (Bank-Qualified), dated February 26, 2015, issued in the original aggregate principal amount of \$575,000 (the “Series 2015 B Bonds”);

(12) Water Refunding Revenue Bonds, Series 2015 C (Bank-Qualified), dated October 1, 2015, issued in the original aggregate principal amount of \$9,910,000 (the “Series 2015 C Bonds”);

(13) Water Refunding Revenue Bonds, Series 2015 D (Bank-Qualified), dated October 1, 2015, issued in the original aggregate principal amount of \$2,150,000 (the “Series 2015 D Bonds”);

(14) Water Refunding Revenue Bonds, Series 2015 E (Bank-Qualified), dated December 1, 2015, issued in the original aggregate principal amount of \$5,460,000 (the “Series 2015 E Bonds”); and

(15) 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 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds, the Series 2013 B Bonds, the Series 2015 A Bonds, the Series 2015 B Bonds, Series 2015 C Bonds, the Series 2015 D Bonds and Series 2015 E 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”. Initially the Series 2016 A Bonds have no lien on the Net Revenues or Gross Revenues of the System; however, at such time as Issuer can meet the parity tests established by the Prior Resolutions, the Series 2016 A Bonds shall have a lien on the Net Revenue derived from the System, on a parity with the lien on the Net Revenues in favor of the holders of the First Lien Bonds and senior and prior to the Second Lien Bonds hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition and operation of the Project and the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2016 A Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the Council.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2016 A Bonds by the Registered Owners of the same from time to time, this Bond Legislation 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 the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2016 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

"Bondholder," "Holder of the Bonds," "Holder," "Registered Owner" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person or entity in whose name such Bond is registered.

"Bond Legislation," "Resolution," "Bond Resolution" or "Local Act" means this Bond Resolution and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in this Bond Legislation or the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2016 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"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, except that the first Bond Year shall begin on the Closing Date.

"Chairman" means the Chairman of the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Series 2016 A Bonds for all or a portion of the proceeds of the Series 2016 A Bonds from the Authority and the Council.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

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

"Consulting Engineers" means any Dewberry Consultants LLC, Fairfax, Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or public corporation and political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02E hereof to be a part of the cost of acquisition of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"FDIC" means the Federal Deposit Insurance Corporation and 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 2012 A Bonds, Series 2012 B Bonds, Series 2013 A Bonds, Series 2013 B Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E 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" 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, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

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

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority on behalf of the Council, providing for the purchase of the Series 2016 A Bonds from the Issuer by the Authority, the form of which

shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2016 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the any 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 2016 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.

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

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

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2016 A Bonds by the Issuer in the Supplemental Resolution.

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

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

"Project" means the Project as described in Section 1.02B hereof.

"Qualified Investments" means and includes any of the following:

(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 registered under the Federal Investment Company Act of 1940, whose shares are

registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and, if rated by Moodies, rated AAA, Aa1 or Aa2;

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

"Registered Owner," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond or Bonds, the person in whose name such Bond is registered.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

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

"Reserve Accounts" means, collectively, the reserve account established for the Series 2016 A Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

"Revenue Fund" means the Revenue Fund established 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 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 2009 Bonds" means the Issuer's Water Revenue Bonds, Series 2009 (Bank Qualified), dated February 17, 2009, issued in the original aggregate principal amount of \$7,510,000, to be advance refunded with the proceeds of the Series 2015 E Bonds and other funds available therefor.

"Series 2009 Bonds Resolution" means the resolution, and any resolution supplemental thereto, of the Issuer authorizing issuance of the Series 2009 Bonds.

"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 Issuer's Water Refunding Revenue Bonds, Series 2015 A (Bank-Qualified), dated February 26, 2015, issued in the original aggregate principal amount of \$9,575,000,

"Series 2015 B Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2015 B (Bank-Qualified), dated February 26, 2015, issued in the original aggregate principal amount of \$575,000.

"Series 2015 C Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2015 C (Bank-Qualified), dated October 1, 2015, issued in the original aggregate principal amount of \$9,910,000.

"Series 2015 D Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2015 D (Bank-Qualified), dated October 1, 2015, issued in the original aggregate principal amount of \$2,150,000.

"Series 2015 E Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2015 E (Bank Qualified), dated December 1, 2015, issued in the aggregate principal amount of \$5,460,000.

"Series 2016 A Bonds Trust Fund" means the Trust Fund for the Series 2016 A Bonds established by Section 5.01 hereof.

"Series 2016 A Bonds Reserve Account" means the Series 2016 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2016 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2016 A Bonds in the then current or any succeeding year.

"Series 2016 A Bonds Sinking Fund" means the Series 2016 A Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2016 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2016 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, including, without limitation, the Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete existing water system of the Issuer and all water 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 water system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the water system from any sources whatsoever, both within and without the Issuer.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

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.

ARTICLE II

AUTHORIZATION OF ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Acquisition of the Project. There is hereby authorized and ordered the acquisition of the Project, at an estimated cost of not to exceed \$5,213,278, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds shall be applied as provided in Article VI hereof. The Issuer will enter into contracts for the acquisition of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated not to exceed \$5,213,278 which will be obtained from proceeds of the Series 2016 A Bonds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest, if any, on the Series 2016 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2016 A Bonds of the Issuer. The Series 2016 A Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 2016 A (West Virginia Infrastructure Fund)", in the principal amount of not more than \$5,213,278, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2016 A Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2016 A Bonds, if any, shall be deposited in or credited to the Series 2016 A Bonds Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2016 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2016 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public

or private debts under the laws of the United States of America. Interest on the Series 2016 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2016 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances, representing the aggregate principal amount of the Series 2016 A Bonds. The Series 2016 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2016 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2016 A Bonds shall cease to be such officer of the Issuer before the Series 2016 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. The Bond Registrar with respect to the Series 2016 A Bonds shall be the bank to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2016 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2016 A Bonds shall be conclusive evidence that such Series 2016 A Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2016 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the

Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2016 A Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2016 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2016 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2016 A Bonds remain outstanding, the Bond Registrar for the Series 2016 A Bonds shall keep and maintain books for the registration and transfer of such Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, all Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2016 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe

and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2016 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2016 A Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2016 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Surplus Revenues. The payment of the debt service of all Series 2016 A Bonds shall be secured forthwith by a first lien on the Surplus Revenues, if any, derived from the System junior and subordinate to the Prior Bonds; provided, that when the Issuer can meet the parity tests established by the Prior Resolutions, then the payment of the debt service of all Series 2016 A Bonds shall be secured forthwith 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 and senior and prior to the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest to make all other payments provided for in the Bond Legislation, will be irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2016 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2016 A Bonds to the original purchasers upon receipt of the documents set forth below:

- (1) If other than the Authority, a list of the names in which the Series 2016 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- (2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2016 A Bonds to the original purchasers;
- (3) An executed and certified copy of the Bond Legislation;
- (4) An executed copy of the Loan Agreement; and

(5) The unqualified approving opinion of bond counsel on the Series 2016 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2016 A Bonds shall be in substantially the form attached hereto as EXHIBIT A, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof.

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2016 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of "Amended Schedule". Upon completion of the acquisition of the Project, the Issuer will file with the Authority and the Council a schedule, the form of which will be provided by the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued if previously established by Prior Resolutions) with and shall be held by the Depository Bank, separate 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 continued hereby);
- (2) Renewal and Replacement Fund (established by the Prior Resolutions and continued hereby); and

- (3) Series 2016 A Bonds Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 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 2012 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);
- (14) Series 2012 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);
- (15) Series 2012 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);
- (16) Series 2012 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);
- (17) Series 2013 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);
- (18) Series 2013 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);
- (19) Series 2013 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);
- (20) Series 2013 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);
- (21) Series 2015 A Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);
- (22) Series 2015 A Bonds Reserve Account (established by the Prior Resolutions and hereby continued);
- (23) Series 2015 B Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);
- (24) Series 2015 B Bonds Reserve Account (established by the Prior Resolutions and hereby continued);
- (25) Series 2015 C Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);
- (26) Series 2015 C Bonds Reserve Account (established by the Prior Resolutions and hereby continued);
- (27) Series 2015 D Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);

- (28) Series 2015 D Bonds Reserve Account (established by the Prior Resolutions and hereby continued);
- (29) Series 2015 E Bonds Sinking Fund (established by the Prior Resolutions and hereby continued);
- (30) Series 2015 E Bonds Reserve Account (established by the Prior Resolutions and hereby continued);
- (31) Series 2016 A Bonds Sinking Fund; and
- (32) Series 2016 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

- (1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.
- (2) The Issuer shall next, each month simultaneously, transfer from the Revenue Fund and remit to the Commission the amounts required by Prior Resolutions to pay interest on the First Lien Bonds.
- (3) The Issuer shall next, each month simultaneously, transfer from the Revenue Fund and remit to the Commission the amounts required by Prior Resolutions to pay principal on the First Lien Bonds.
- (4) The Issuer shall next, on the first day of each month simultaneously, transfer from the Revenue Fund and remit to the Commission the amounts required by Prior Resolutions to be deposited in the respective reserve accounts for the First Lien Bonds.
- (5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2.5% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account; and shall use the monies therein as provided by the Prior Resolutions. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank

and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any First Lien Bonds Reserve Accounts (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, each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Sinking Fund for the Second Lien Bonds the amount required by the Prior Resolutions to pay principal of the Second Lien Bonds.

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

(8) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Sinking Fund for the Series 2016 A Bonds the amount required by the this Bond Legislation to pay interest on the Series 2016 A Bonds.

(9) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Sinking Fund for the Series 2016 A Bonds the amount required by this Bond Legislation to pay principal of the Series 2016 A Bonds.

(10) The Issuer shall next, on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 2016 A Bonds, for deposit in the Series 2016 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2016 A Bonds Reserve Requirement, until the amount in the Series 2016 A Bonds Reserve Account equals the Series 2016 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2016 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2016 A Bonds Reserve Requirement.

(11) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining

therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Monies in the Series 2016 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2016 A Bonds as the same shall become due. Monies in the Series 2016 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2016 A Bonds as the same shall come due, when other monies in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2016 A Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2016 A Bonds.

Any withdrawals from the Series 2016 A Bonds Reserve Account, which result in a reduction in the balance of such account to below the Reserve Requirement thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2016 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective Reserve Accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2016 A Bonds Sinking Fund, or the Series 2016 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2016 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, if applicable, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the Series 2016 A Bonds and senior and prior to the Second Lien Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2016 A Bonds Sinking Fund, and the Series 2016 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited

from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2016 A Bonds Sinking Fund and the Series 2016 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2016 A Bonds Sinking Fund and the Series 2016 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2016 A Bonds, under the conditions and restrictions set forth 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 on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2016 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the 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 their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

E. The monies in excess of 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 Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as herein above 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 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

H. If the Issuer is subject to the rebate requirements of Section 148(f) of the Code and not exempted from such requirements, 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, as more fully described in Article VIII.

This Section 5.03 will be replaced upon certain conditions are described in the Supplemental Resolution

ARTICLE VI

BOND PROCEEDS; DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2016 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2016 A Bonds, there shall first be deposited with the Commission in the Series 2016 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2016 A Bonds for the period commencing on the date of issuance of the Series 2016 A Bonds and ending 6 months after the estimated date of completion of the Project.

B. From the proceeds of the Series 2016 A Bonds, there shall be deposited with the Commission in the Series 2016 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2016 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2016 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2016 A Bonds Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2016 A Bonds.

D. After completion of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2016 A Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements From the Bond Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2016 A Bonds from the Series 2016 A Bonds Trust Fund shall be made only after submission to, and approval from, the Council of a certificate, signed by an Authorized Officer, stating that:

- (1) None of the items for which the payment is proposed to be made has been requested from another source;
- (2) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
- (3) Each of such costs has been otherwise properly incurred; and
- (4) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2016 A Bonds Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation 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 2016 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2016 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2016 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2016 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2016 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Surplus Revenues. Initially the payment of the debt service of all the Series 2016 A Bonds shall be secured by a first lien on the Surplus Revenues, if any, derived from the System junior and subordinate to the Prior Bonds; provided, that when the Issuer can meet the parity tests established by the Prior Resolutions, then the payment of the debt service of all the Series 2016 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2016 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth by order Recommended Decision dated October 28, 2013 which became a Final Order on November 17, 2013 of the Public Service Commission of West Virginia setting rates and charges of the System. Such order is in full force and effect and the Water Tariff P.S.C. W. Va. No. 26 has been filed with the Public Service Commission of West Virginia.

So long as the Prior Bonds or Series 2016 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2016 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, lease, mortgage or in any manner dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolutions and with the written consent of the Authority.

So long as the Series 2016 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, 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, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2016 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2016 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Series 2016 A Bonds and interest thereon 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 \$50,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of \$50,000 but not in excess of \$200,000, the Issuer shall first, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Governing Body may then, if it be so advised, by resolution duly adopted, approve and concur in such finding 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 of such property, in excess of \$50,000 and not in excess of \$200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of Prior Resolutions and this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the fiscal year for such sales, leases or other dispositions of such properties, shall be in excess of \$200,000 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 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 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer 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 such revenues with the Bonds. All obligations issued by the Issuer after the issuance of the 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 and source of and security for payment from such revenues and in all other respects, to the 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 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the System, or any other obligations related to the Project or the System.

Section 7.07. Reserved. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2016 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the Council or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation 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 and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body 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 Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of the Bonds, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2016 A Bonds and shall submit said

report to the Authority and the Council, or any other original purchaser of the Series 2016 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall provide the Council with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

The Issuer shall permit the Authority and the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of the Project and commencement of operation of the Project, the Issuer shall also provide the Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2016 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be 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 the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof.

Commencing on the date contracts are executed for the acquisition of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement

and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition of the Project, and all permits required by federal and state laws for the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the Council covering the supervision and inspection of the development of the Project. Such engineer shall certify to the Authority, the Council and the Issuer at the completion the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer will serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the project without the prior written approval of the Authority. Following completion of the Project the Issuer will certify to the Authority the number of customers added to the System.

Section 7.12. 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, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further

covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of either the System or the water system and will not restore such services of the System until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. 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 shall avail itself 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 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) 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 or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value

form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$500,000 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.

(3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) 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.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer 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 7.16. 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 7.17. Completion of Project; Permits and Orders. The Issuer will complete the acquisition of the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition of the Project, all orders and approvals from the Council necessary for the acquisition of the Project and the operation of the System and all approvals of issuance of the Series 2016 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other state, federal or local bodies in regard to the acquisition of the Project and the operation, maintenance and use of the System.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 7.19. RESERVED.

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2016 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 2016 A Bonds and shall be on junior to the statutory mortgage lien in favor of the Holders of the First Lien Bonds and Second Lien Bonds; provided, that when the Issuer can meet the parity tests established by the Prior Resolutions, then the statutory mortgage lien of the Series 2016 A Bonds 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 Second Lien Bonds.

Section 7.22. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2016 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2016 A Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2016 A Bonds made available due to project underruns.

C. The Issuer shall list the funding as being provided by the Authority and the Council in any press release, publication, program, bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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 investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission 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 Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with

respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2016 A Bonds as a condition to issuance of the Series 2016 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2016 A Bonds as may be necessary in order to maintain the status of the Series 2016 A Bonds as public purpose bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2016 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2016 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2016 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2016 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2016 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2016 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2016 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the

Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond;

(3) 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

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

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on the Series 2016 A Bonds or the Prior Bonds, it shall constitute an “Event of Default” with respect to the Series 2016 A Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) 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 Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided, that all rights and remedies of the Holders of the Series 2016 A Bonds shall be on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond 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 or to complete the acquisition of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System

and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation 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 Registered Owner of any Bonds 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 or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing 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 Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the 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, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2016 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 Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2016 A Bonds, shall thereupon cease, terminate and become

void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest on the Series 2016 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2016 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2016 A Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2016 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2016 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2016 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2016 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution or the Series 2016 A Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement; and provided, that in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

Section 11.06. 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, the 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 11.07. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 11th day of July, 2016.

BERKELEY COUNTY PUBLIC SERVICE
WATER DISTRICT

By: 
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of the BERKELEY COUNTY PUBLIC SERVICE DISTRICT on the 11th day of July, 2016.

Dated: July 20, 2016

[SEAL]


Secretary

067740.00027

EXHIBIT A
FORM OF SERIES 2016 A BONDS

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2016 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2016, 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 (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference.

The Bonds are originally issued in the form of one Bond, registered to the Authority. No payments of principal and interest are due on the Series 2016 A Bonds for three years after the Closing Date. Interest shall commence accruing on July 20, 2019. The Series 2016 A Bonds shall be amortized at the rate of 3% per annum for a term of 20 years. Commencing September 1, 2019, principal and interest on the Series 2016 A Bonds is due and payable quarterly on June 1, September 1, December 1, and March 1, of each year; however, if the Issuer is not supplying water to the Procter & Gamble Plant (the "Plant") on August 1, 2019, then the payments shall be deferred quarterly until such time as the Issuer is supplying water to the Plant, but no later than September 1, 2021 at which time quarterly payments shall commence regardless of the status of the Plant. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority on behalf of the Council, dated _____, 2016.

This Bond is issued (i) to pay the costs of acquisition of improvements and extensions to the existing public water system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds (the "Bonds") and related costs. The existing public water system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is 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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2016, and a Supplemental Resolution duly adopted by the Issuer on _____, 2016 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. 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.

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER SECURED BY THE NET REVENUES, BEING 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 REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), DATED DECEMBER 19, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,425,000 (THE "SERIES 2012 A BONDS");

- (VII) WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), DATED DECEMBER 20, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,800,000 (THE "SERIES 2012 B BONDS");
- (VIII) 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");
- (IX) 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");
- (X) WATER REFUNDING REVENUE BONDS, SERIES 2015 A (BANK-QUALIFIED), DATED FEBRUARY 26, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,575,000 (THE "SERIES 2015 A BONDS");
- (XI) WATER REFUNDING REVENUE BONDS, SERIES 2015 B (BANK-QUALIFIED), DATED FEBRUARY 26, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$575,000 (THE "SERIES 2015 B BONDS");
- (XII) WATER REFUNDING REVENUE BONDS, SERIES 2015 C (BANK-QUALIFIED), DATED OCTOBER 1, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,910,000 (THE "SERIES 2015 C BONDS");
- (XIII) WATER REFUNDING REVENUE BONDS, SERIES 2015 D (BANK-QUALIFIED), DATED OCTOBER 1, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,150,000 (THE "SERIES 2015 D BONDS");
- (XIV) WATER REFUNDING REVENUE BONDS, SERIES 2015 E (BANK-QUALIFIED), DATED DECEMBER 1, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,460,000 (THE "SERIES 2015 E BONDS"); AND
- (XV) 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 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds, Series 2013 B Bonds, Series 2015 A Bonds, Series 2015

B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds".

Initially, this Bond is payable only from and secured by a pledge of the Surplus Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, junior and subordinate to the First Lien Bonds and Second Lien Bonds; provided, however, at such time as the Issuer can meet the parity tests established by the Prior Resolutions, then the Series 2016 A Bonds shall have a lien on the Net Revenue derived from the System, on a parity with the lien on the Net Revenues in favor of the holders of the First Lien Bonds and senior and prior to the Second Lien Bonds

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of United Bank, Inc., Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision 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.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, 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 at 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 the 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 the Issuer for the prompt payment of the principal of and interest on this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2016 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2016.

UNITED BANK, INC.,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of)

ASSIGNMENT

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

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

Dated: _____, 20__.

In the presence of:

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2016 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2016 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF BERKELEY COUNTY PUBLIC SERVICE WATER DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE SERIES 2016 A BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Berkeley County Public Service District (the "Issuer") has duly and officially adopted a bond resolution on July 11, 2016 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER SYSTEM OF BERKELEY COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY BERKELEY COUNTY PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$5,213,278 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2016 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2016 A (West Virginia Infrastructure Fund), of the Issuer (the "Series 2016 A Bonds"), in the aggregate principal amounts not to exceed \$5,213,278, and has authorized the execution and delivery of the loan agreement relating to the Series 2016 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2016 A Bonds should be established by a supplemental resolution pertaining to the Series 2016 A Bonds; and that other matters relating to the Series 2016 A Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2016 A Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates, the sale prices and other terms of the Series 2016 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2016 A Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2016 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$5,213,278. The Series 2016 A Bonds shall be subject to redemption upon the written consent of the Authority and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2016 A Bonds.

A. The Series 2016 A Bonds shall not bear interest until July 20, 2019 and no payments of principal and interest shall be due until September 1, 2019. Interest shall commence accruing on July 20, 2019. Commencing September 1, 2019, payment of interest and principal on the Series 2016 A Bonds is due and payable quarterly as set forth in Loan Agreement; provided, that if the Issuer is not supplying water to the Proctor & Gamble Plant by August 1, 2019, the payments shall be deferred quarterly until such time as the Issuer is supplying water to the Proctor & Gamble Plant is operational but no later than September 1, 2021 at which time quarterly payments shall commence regardless of the status of the Proctor & Gamble Plant. The Series 2016 A Bonds shall then be payable at the rate of 3% per annum over a term of 20 years

B. The Issuer shall cause the Certified Public Accountant to review the audited financials as of June 30 of that year on December 1, 2019 and each December 1 thereafter until the Issuer is able to provide a satisfactory certificate with respect to the parity tests established by the Prior Resolutions.

C. Upon receipt of the CPA Certificate described in Paragraph B above, the Series 2016 A Bonds shall convert to a first lien position on Net Revenues on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds. Section 5.03 and Section 7.07 of the Bond Resolution shall then be replaced in their entirety as shown in Exhibit A attached hereto.

Section 2. All other provisions relating to the Series 2016 A Bonds and the text of the Series 2016 A Bonds shall be in substantially the form provided in the Bond Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The price of the Series 2016 A Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2016 A Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate United Bank, Inc. Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2016 A Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2016 A Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2016 A Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate United Bank, Inc., Martinsburg, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. The Series 2016 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2016 A Bonds Sinking Fund, as capitalized interest.

Section 8. The Series 2016 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2016 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2016 A Bonds shall be deposited in or credited to the Series 2016 A Bonds Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2016 A Bonds and related costs.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2016 A Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2016 A Bonds may be delivered on or about July 20, 2016, to the Authority pursuant to the Loan Agreement.

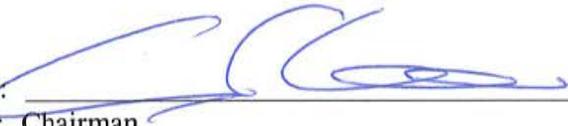
Section 11. The acquisition of the Project and the financing thereof in part with proceeds of the Series 2016 A Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

[Remainder of Page Intentionally Blank]

Section 12. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 11th day of July, 2016.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

By: 
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Berkeley County Public Service District on the 11th day of July, 2016.

Dated: July 20, 2016

[SEAL]


Secretary

EXHIBIT A
BOND RESOLUTION

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, each month simultaneously, transfer from the Revenue Fund and remit to the Commission (i) the amounts required by Prior Resolutions to pay interest on the First Lien Bonds; and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 2016 A Bonds, for deposit in the Series 2016 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest due on the Series 2016 A Bonds on the next ensuing quarterly interest payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest due on such date.

(3) The Issuer shall next, each month simultaneously, transfer from the Revenue Fund and remit to the Commission (i) the amounts required by Prior Resolutions to pay principal on the First Lien Bonds; and (ii) the Commission on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 2016 A Bonds, for deposit in the Series 2016 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2016 A Bonds on the next ensuing quarterly principal payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month simultaneously, transfer from the Revenue Fund and remit to the Commission (i) the amounts required by Prior Resolutions to be deposited in the respective reserve accounts for the First Lien Bonds; and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal of the Series 2016 A

Bonds, if not fully funded upon issuance of the Series 2016 A Bonds, for deposit in the Series 2016 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2016 A Bonds Reserve Requirement, until the amount in the Series 2016 A Bonds Reserve Account equals the Series 2016 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2016 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2016 A Bonds Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2.5% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account; and shall use the monies therein as provided by the Prior Resolutions, except that any deficiencies in the debt service payments on the Series 2016 A Bonds shall be payable from the Renewal and Replacement Fund on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any First Lien Bonds Reserve Accounts (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, each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Sinking Fund for the Second Lien Bonds the amount required by the Prior Resolutions to pay principal of the Second Lien Bonds.

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

(8) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Monies in the Series 2016 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2016 A Bonds as the same shall become due. Monies in the Series 2016 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2016 A Bonds as the same shall come due, when other monies in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2016 A Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be

deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2016 A Bonds.

Any withdrawals from the Series 2016 A Bonds Reserve Account, which result in a reduction in the balance of such account to below the Reserve Requirement thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2016 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective Reserve Accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2016 A Bonds Sinking Fund, or the Series 2016 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2016 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, if applicable, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the Series 2016 A Bonds and senior and prior to the Second Lien Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2016 A Bonds Sinking Fund, and the Series 2016 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2016 A Bonds Sinking Fund and the Series 2016 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2016 A Bonds Sinking Fund and the Series 2016 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2016 A Bonds, under the conditions and restrictions set forth 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 on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2016 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof

consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the 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 their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

E. The monies in excess of 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 Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as herein above 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 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

H. If the Issuer is subject to the rebate requirements of Section 148(f) of the Code and not exempted from such requirements, 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, as more fully described in Article VIII.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2016 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2016 A Bonds.

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

So long as the First Lien State Bonds, Series 2007 A Bonds, Series 2009 A Bonds, Series 2013 A Bonds, Series 2013 B Bonds, Series 2013 C Bonds, Series 2015 C Bonds or Series 2016

A Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, 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 over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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 Series 2016 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2016 A Bonds.

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

IC-1
(07/13)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

BERKELEY COUNTY PUBLIC SERVICE DISTRICT
(2016E-163)

(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct, is constructing or has constructed such a project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as

further revised and supplemented, the “Application”), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the “Program”) as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms “Authority,” “cost,” “Council,” “governmental agency,” “project,” “waste water facility” and “water facility” have the definitions and meanings ascribed to them in the Act.

1.2 “Authority” means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 “Consulting Engineers” means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, “Consulting Engineers” shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

1.4 “Infrastructure Fund” means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

1.5 “Loan” means the loan to be made by the Authority to the Governmental Agency through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.6 “Local Act” means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.7 “Local Bonds” means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the

Loan and to be purchased by the Authority, all in accordance with the provisions of this Loan Agreement.

1.8 “Local Statute” means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Local Bonds are issued.

1.9 “Operating Expenses” means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

1.10 “Project” means the project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

1.11 “System” means the project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.12 Additional terms and phrases are defined in this Loan Agreement as they are used.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority and Council having found, to the extent applicable, that the Project is consistent with the Act.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

2.4 The Governmental Agency agrees that the Authority and the Council and their duly authorized agents shall have the right at all reasonable times to enter upon the Project

site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and the Council and their duly authorized agents and representatives shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority and the Council, acting by and through their directors or their duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and the Council and their agents and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract and shall verify or have verified such bonds prior to commencement of construction.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental

Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate engineering services satisfactory to the Council and the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, the Council and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Council, the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

2.12 The Governmental Agency, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority and Council.

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of the WDA Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

2.14 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivery to the Authority of the Local Bonds described in this Article III and in Article IV hereof;

(c) The Governmental Agency shall either have received bids or entered into contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the Loan will refund an interim construction financing, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and the Council shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(d) The Governmental Agency shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority and the Council shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, including compliance with Chapter 21, Article 1D of the Code of West Virginia, 1931, as amended, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and the Council shall have received a certificate of the accountant for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority and the Council, to such effect; and

(i) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of projects and satisfactory to the Authority and the Council, to such effect, such certificate to be in form and substance satisfactory to the Authority and the Council, and evidence satisfactory to the Authority and the Council of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority, the Council or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental

Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the “Date of Loan Closing.” Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council’s authorization and the Governmental Agency’s fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

Local Bonds; Security for Loan;
Repayment of Loan; Interest on Loan;
Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues shall be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the “Reserve Account”) was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the “Reserve Requirement”), by depositing in the Reserve

Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

(iv) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

Provided, that if the Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and

maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, advanced from time to time, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and the Council, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

(xvi) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

(xvii) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month. When required by the Authority, the Local Entity shall make monthly payments to the Commission by electronic transfer;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross

income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xxi) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiii) That the Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule B attached to the certificate of the Consulting Engineer. The Governmental Agency shall obtain the written approval of the Council before making any changes to the final Schedule B and also before expending any proceeds of the Local Bonds available due to bid/construction/project underruns;

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to

entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor (“DOL”); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, validity, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority and the Council.

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date and at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

Certain Covenants of the Governmental Agency; Imposition and Collection of User Charges; Payments To Be Made by Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority and the Council in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and the Council shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and the Council by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act or this Loan Agreement.

6.2 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.4 The Governmental Agency hereby agrees to give the Authority and the Council prior written notice of the issuance by it of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency, if any, may be set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority and the Council.

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

7.4 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.5 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.6 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.7 This Loan Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

7.9 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its

Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.10 This Loan Agreement shall terminate upon the earlier of:

- (i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;
- (ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

Attest:

D. Wayne Dumb
Its: Secretary

By: [Signature]
Its: Chairman
Date: July 20, 2016

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

Attest:

Sheila A. Miller
Its: Authorized Officer

By: [Signature]
Its: Executive Director
Date: July 20, 2016

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule B attached hereto as Exhibit A, and my firm¹ has ascertained that all successful bidders

¹If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Council and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Council; (xi) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve _____ new customers in the _____ area.

WITNESS my signature and seal on this ____ day of _____, ____.

[SEAL]

By: _____

West Virginia License No. _____

²If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
1009 Bullitt Street
Charleston, WV 25301

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Ladies and Gentlemen:

We are bond counsel to _____ (the
“Governmental Agency”), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the “Loan Agreement”), between the Governmental Agency and the West Virginia Water Development Authority (the “Authority”), on behalf of the West Virginia Infrastructure and Jobs Development Council (the “Council”), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, _____ (the “Local Bonds”), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, as set forth in the “Schedule Y” attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the “Local Statute”), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the “Local Act”), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency, enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Governmental Agency without the consent of the Authority and the Council.

3. The Governmental Agency is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
 Name of Bond Issue(s) _____
 Type of Project _____ Water _____ Wastewater _____
 Fiscal Year _____ Report Month _____

<u>Item</u>	<u>Current Month</u>	<u>Total Year To Date</u>	<u>Budget Year To Date</u>	<u>Budget Year To Date Minus Total Year To Date</u>
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
<u>Type of Issue</u>	_____	_____	_____	_____
Clean Water SRF	_____	_____	_____	_____
Drinking Water TRF	_____	_____	_____	_____
Infrastructure Fund	_____	_____	_____	_____
Water Development Authority	_____	_____	_____	_____
Rural Utilities Service	_____	_____	_____	_____
Economic Development Administration	_____	_____	_____	_____
Other (Identify)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
4. Renewal and Replacement Fund Deposits	_____	_____	_____	_____

 Name of Person Completing Form

 Address

 Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($\$1,200/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($\$900/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Governmental Agency] on [Date].

Sinking Fund:

Interest	\$	
Principal	\$	
Total:		\$

Reserve Account: \$

Witness my signature this ___ day of _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

A.	Series A Bonds	
	Principal Amount of Local Bonds	\$5,213,278
	Purchase Price of Local Bonds	\$5,213,278

The Local Bonds shall be amortized at the rate of 3% per annum for a term of 20 years. No payments of principal and interest are due on the Local Bonds for three years after the Closing Date. Interest shall commence accruing on July 20, 2019. Commencing September 1, 2019, principal and interest on the Local Bonds is due and payable quarterly on June 1, September 1, December 1, and March 1, of each year. Provided that if the Governmental Agency is not supplying water to the Procter & Gamble Plant (the "Plant") on August 1, 2019, the payments shall be deferred quarterly until such time as the Governmental Agency is supplying water to the Plant, but no later than September 1, 2021 at which time quarterly payments shall commence regardless of the status of the Plant.

The Governmental Agency shall authorize the Commission to electronically debit its monthly payments. The Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

The Local Bonds are fully registered in the name of the Authority as to interest and principal. The Authority shall initially have a lien on the Governmental Agency's surplus revenues. The Governmental Agency shall cause its Certified Public Accountant to review its audited financials as of June 30 of that year on December 1, 2019 and each December 1 thereafter until the Governmental Agency is able to provide a satisfactory certificate with respect to the parity tests. Upon receipt of the Certified Public Accountant Certificate, the Local Bonds shall convert to a first lien pledge on Net Revenues on parity with the First Lien Bonds and senior and prior to the Second Lien Bonds.

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency senior to or on parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

As of the date of the Loan Agreement, the Local Bonds are subordinate as to liens, pledge and source of and security for payment with the following obligations of the Governmental Agency:

- (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 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");
- (7) 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”);
- (8) 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”);
- (9) 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”);
- (10) Water Refunding Revenue Bonds, Series 2015 A (Bank-Qualified), dated February 26, 2015, issued in the original aggregate principal amount of \$9,575,000 (the “Series 2015 A Bonds”);
- (11) Water Refunding Revenue Bonds, Series 2015 B (Bank-Qualified), dated February 26, 2015, issued in the original aggregate principal amount of \$575,000 (the “Series 2015 B Bonds”);
- (12) Water Refunding Revenue Bonds, Series 2015 C (Bank-Qualified), dated October 1, 2015, issued in the original aggregate principal amount of \$9,910,000 (the “Series 2015 C Bonds”);

- (13) Water Refunding Revenue Bonds, Series 2015 D (Bank-Qualified), dated October 1, 2015, issued in the original aggregate principal amount of \$2,150,000 (the “Series 2015 D Bonds”);
- (14) Water Refunding Revenue Bonds, Series 2015 E (Bank-Qualified), dated December 1, 2015, issued in the original aggregate principal amount of \$5,460,000 (the “Series 2015 E Bonds”); and
- (15) 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 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds, the Series 2013 B Bonds, the Series 2015 A Bonds, the Series 2015 B Bonds, Series 2015 C Bonds, the Series 2015 D Bonds and Series 2015 E 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”.

Number of New Users: 1

Location: Tabler’s Station, Berkeley County, WV

SCHEDULE Y
DEBT SERVICE SCHEDULE

Bond Debt Service
Berkeley County PSD

IF

\$5,213,278

3% Interest Rate

Dated Date 7/20/2016

Delivery

Date 7/20/2016

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2019	68,732	3.000%	17,812.03	86,544.03
12/1/2019	47,960	3.000%	38,584.10	86,544.10
3/1/2020	48,319	3.000%	38,224.40	86,543.40
6/1/2020	48,682	3.000%	37,862.00	86,544.00
9/1/2020	49,047	3.000%	37,496.89	86,543.89
12/1/2020	49,415	3.000%	37,129.04	86,544.04
3/1/2021	49,785	3.000%	36,758.42	86,543.42
6/1/2021	50,159	3.000%	36,385.04	86,544.04
9/1/2021	50,535	3.000%	36,008.84	86,543.84
12/1/2021	50,914	3.000%	35,629.83	86,543.83
3/1/2022	51,296	3.000%	35,247.98	86,543.98
6/1/2022	51,681	3.000%	34,863.26	86,544.26
9/1/2022	52,068	3.000%	34,475.65	86,543.65
12/1/2022	52,459	3.000%	34,085.14	86,544.14
3/1/2023	52,852	3.000%	33,691.70	86,543.70
6/1/2023	53,248	3.000%	33,295.31	86,543.31
9/1/2023	53,648	3.000%	32,895.95	86,543.95
12/1/2023	54,050	3.000%	32,493.59	86,543.59
3/1/2024	54,456	3.000%	32,088.21	86,544.21
6/1/2024	54,864	3.000%	31,679.79	86,543.79
9/1/2024	55,275	3.000%	31,268.31	86,543.31
12/1/2024	55,690	3.000%	30,853.75	86,543.75
3/1/2025	56,108	3.000%	30,436.07	86,544.07
6/1/2025	56,529	3.000%	30,015.26	86,544.26
9/1/2025	56,953	3.000%	29,591.30	86,544.30
12/1/2025	57,380	3.000%	29,164.15	86,544.15
3/1/2026	57,810	3.000%	28,733.80	86,543.80
6/1/2026	58,244	3.000%	28,300.22	86,544.22
9/1/2026	58,680	3.000%	27,863.39	86,543.39
12/1/2026	59,120	3.000%	27,423.29	86,543.29
3/1/2027	59,564	3.000%	26,979.89	86,543.89
6/1/2027	60,011	3.000%	26,533.16	86,544.16
9/1/2027	60,461	3.000%	26,083.08	86,544.08
12/1/2027	60,914	3.000%	25,629.62	86,543.62
3/1/2028	61,371	3.000%	25,172.77	86,543.77
6/1/2028	61,831	3.000%	24,712.49	86,543.49
9/1/2028	62,295	3.000%	24,248.75	86,543.75
12/1/2028	62,762	3.000%	23,781.54	86,543.54
3/1/2029	63,233	3.000%	23,310.83	86,543.83
6/1/2029	63,707	3.000%	22,836.58	86,543.58
9/1/2029	64,185	3.000%	22,358.78	86,543.78
12/1/2029	64,666	3.000%	21,877.39	86,543.39
3/1/2030	65,151	3.000%	21,392.39	86,543.39
6/1/2030	65,640	3.000%	20,903.76	86,543.76

Bond Debt Service
Berkeley County PSD
IF
\$5,213,278
3% Interest Rate

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2030	66,132	3.000%	20,411.46	86,543.46
12/1/2030	66,628	3.000%	19,915.47	86,543.47
3/1/2031	67,128	3.000%	19,415.76	86,543.76
6/1/2031	67,631	3.000%	18,912.30	86,543.30
9/1/2031	68,139	3.000%	18,405.07	86,544.07
12/1/2031	68,650	3.000%	17,894.03	86,544.03
3/1/2032	69,165	3.000%	17,379.15	86,544.15
6/1/2032	69,683	3.000%	16,860.41	86,543.41
9/1/2032	70,206	3.000%	16,337.79	86,543.79
12/1/2032	70,733	3.000%	15,811.25	86,544.25
3/1/2033	71,263	3.000%	15,280.75	86,543.75
6/1/2033	71,798	3.000%	14,746.28	86,544.28
9/1/2033	72,336	3.000%	14,207.79	86,543.79
12/1/2033	72,879	3.000%	13,665.27	86,544.27
3/1/2034	73,425	3.000%	13,118.68	86,543.68
6/1/2034	73,976	3.000%	12,567.99	86,543.99
9/1/2034	74,531	3.000%	12,013.17	86,544.17
12/1/2034	75,090	3.000%	11,454.19	86,544.19
3/1/2035	75,653	3.000%	10,891.01	86,544.01
6/1/2035	76,220	3.000%	10,323.62	86,543.62
9/1/2035	76,792	3.000%	9,751.97	86,543.97
12/1/2035	77,368	3.000%	9,176.03	86,544.03
3/1/2036	77,948	3.000%	8,595.77	86,543.77
6/1/2036	78,533	3.000%	8,011.16	86,544.16
9/1/2036	79,122	3.000%	7,422.16	86,544.16
12/1/2036	79,715	3.000%	6,828.74	86,543.74
3/1/2037	80,313	3.000%	6,230.88	86,543.88
6/1/2037	80,915	3.000%	5,628.53	86,543.53
9/1/2037	81,522	3.000%	5,021.67	86,543.67
12/1/2037	82,134	3.000%	4,410.26	86,544.26
3/1/2038	82,750	3.000%	3,794.25	86,544.25
6/1/2038	83,370	3.000%	3,173.63	86,543.63
9/1/2038	83,995	3.000%	2,548.35	86,543.35
12/1/2038	84,625	3.000%	1,918.39	86,543.39
3/1/2039	85,260	3.000%	1,283.70	86,543.70
6/1/2039	85,900	3.000%	644.25	86,544.25
	5,213,278		1,710,228.92	6,923,506.92

SCHEDULE Z

As long as the Local Bonds are secured by a lien on the surplus revenues of the Governmental Agency's System, the provisions in this Loan Agreement relating to payment priority are hereby waived.

2016E-163



WEST VIRGINIA DEVELOPMENT OFFICE

1900 Kanawha Boulevard East • Charleston, WV 25305 0311
(304) 558-2234 • (800) 982-3386 • WVDO.org

February 3, 2016

Mr. Jason Pizatella, Chairman
West Virginia Infrastructure and Jobs
Development Council
1009 Bullitt Street
Charleston, WV 25301-1003

Re: Berkeley County Public Water Service District
Procter & Gamble Water Project

Dear Mr. Pizatella:

The West Virginia Development Office has approved a request for an Economic Infrastructure Bond loan to the Berkeley County Public Service Water District (PSWD) in Martinsburg, West Virginia.

The Berkeley County PSWD has requested a \$5.5 million loan to construct a 2-million-gallon water storage tank and all necessary appurtenances necessary to ensure adequate service to the new Procter & Gamble manufacturing facility located near the Tabler's Station interchange off Interstate 81 in Berkeley County. Berkeley County PSWD has requested a deferral of debt service payments while Procter & Gamble constructs the facility.

It is our recommendation that the Infrastructure and Jobs Development Council (IJDC) approve this loan with the following terms:

1. A \$5.5 million loan with no payments or interest for the first 3 years.
2. Principal and interest shall be deferred for a period of at least three years, but not to exceed five years with repayments commencing within a reasonable period after the Procter & Gamble plant becomes operational. The loan will bear interest at 3 percent per annum and be amortized over 20 years from commencement of repayment.
3. IJDC will initially have a first lien on the surplus revenues of the water system; provided that when the Berkeley County PSWD can meet the parity test, the lien will be graduated to a first parity position.

If you should require additional information, please do not hesitate to contact Todd Hooker, of my staff, at (304) 558-2234.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Keith Burdette", written over a faint, larger version of the same signature.

J. Keith Burdette
Executive Director

JKB/teh

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2016 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR SERIES 2016 A BONDS AND BOND PROCEEDS

On this 20th day of July, 2016, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Berkeley County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Berkeley County Public Service District Revenue Bonds, Series 2016 A (West Virginia Infrastructure Fund), issued in the principal amount of \$5,213,278, as a single, fully registered Bond, numbered AR-1 and dated July 20, 2016 (the "Series 2016 A Bonds").

2. At the time of such receipt of the Series 2016 A Bonds upon original issuance, the Series 2016 A Bonds had been executed by the Chairman and the Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2016 A Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2016 A Bonds, of the sum of \$389,704.02, being a portion of the principal amount of the Series 2016 A Bonds.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY



Authorized Representative

BERKELEY COUNTY PUBLIC SERVICE
DISTRICT



Chairman

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2016 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2016 A BONDS

United Bank, Inc., as
Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 20th day of July, 2016.

(1) Bond No. AR-1, constituting the entire original issue of the Berkeley County Public Service District Water Revenue Bonds, Series 2016 A (West Virginia Infrastructure Fund), in the principal amount of \$5,213,278, dated July 20, 2016 (the "Series 2016 A Bonds"), executed by the Chairman and Secretary of Berkeley County Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on July 11, 2016, and a Supplemental Resolution duly adopted by the Issuer on July 11, 2016 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bond issue, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of the loan agreement dated July 20, 2016 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2016 A Bonds.

You are hereby requested and authorized to deliver the Series 2016 A Bonds to the Authority upon payment to the Issuer of the sum of \$389,704.02, representing a portion of the principal amount of the Series 2016 A Bonds. Prior to such delivery of the Series 2016 A Bonds, you will please cause the Series 2016 A Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Series 2016 A Bonds, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

BERKELEY COUNTY PUBLIC SERVICE
DISTRICT


Chairman

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BERKELEY COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2016 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$5,213,278

KNOW ALL MEN BY THESE PRESENTS: That on this the 20th day of July, 2016, 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 (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum FIVE MILLION TWO HUNDRED THIRTEEN THOUSAND TWO HUNDRED SEVENTY-EIGHT DOLLARS (\$5,213,278), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference.

The Bonds are originally issued in the form of one Bond, registered to the Authority. No payments of principal and interest are due on the Series 2016 A Bonds for three years after the Closing Date. Interest shall commence accruing on July 20, 2019. The Series 2016 A Bonds shall be amortized at the rate of 3% per annum for a term of 20 years. Commencing September 1, 2019, principal and interest on the Series 2016 A Bonds is due and payable quarterly on June 1, September 1, December 1, and March 1, of each year, as provided on the attached EXHIBIT B - Debt Service Schedule; however, if the Issuer is not supplying water to the Procter & Gamble Plant (the "Plant") on August 1, 2019, then the payments shall be deferred quarterly until such time as the Issuer is supplying water to the Plant, but no later than September 1, 2021 at which time quarterly payments shall commence regardless of the status of the Plant. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority on behalf of the Council, dated July 20, 2016.

This Bond is issued (i) to pay the costs of acquisition of improvements and extensions to the existing public water system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds (the "Bonds") and related costs. The existing public water system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is 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 and Chapter 31, Article 15A of the West Virginia Code of

1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on July 11, 2016, and a Supplemental Resolution duly adopted by the Issuer on July 11, 2016 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. 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.

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER SECURED BY THE NET REVENUES, BEING 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 REFUNDING REVENUE BONDS, SERIES 2012 A (BANK QUALIFIED), DATED DECEMBER 19, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,425,000 (THE "SERIES 2012 A BONDS");
- (VII) WATER REVENUE BONDS, SERIES 2012 B (BANK QUALIFIED), DATED DECEMBER 20, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,800,000 (THE "SERIES 2012 B BONDS");
- (VIII) 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");
- (IX) 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");

- (X) WATER REFUNDING REVENUE BONDS, SERIES 2015 A (BANK-QUALIFIED), DATED FEBRUARY 26, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,575,000 (THE "SERIES 2015 A BONDS");
- (XI) WATER REFUNDING REVENUE BONDS, SERIES 2015 B (BANK-QUALIFIED), DATED FEBRUARY 26, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$575,000 (THE "SERIES 2015 B BONDS");
- (XII) WATER REFUNDING REVENUE BONDS, SERIES 2015 C (BANK-QUALIFIED), DATED OCTOBER 1, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,910,000 (THE "SERIES 2015 C BONDS");
- (XIII) WATER REFUNDING REVENUE BONDS, SERIES 2015 D (BANK-QUALIFIED), DATED OCTOBER 1, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,150,000 (THE "SERIES 2015 D BONDS");
- (XIV) WATER REFUNDING REVENUE BONDS, SERIES 2015 E (BANK-QUALIFIED), DATED DECEMBER 1, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,460,000 (THE "SERIES 2015 E BONDS"); AND
- (XV) 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 2012 A Bonds, the Series 2012 B Bonds, the Series 2013 A Bonds, Series 2013 B Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1993 C Bonds are hereinafter called the "Second Lien Bonds".

Initially, this Bond is payable only from and secured by a pledge of the Surplus Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, junior and subordinate to the First Lien Bonds and Second Lien Bonds; provided, however, at such time as the Issuer can meet the parity tests established by the Prior Resolutions, then the Series 2016 A Bonds shall have a lien on the Net Revenue derived from the System, on a parity with the lien on the Net Revenues in favor of the holders of the First Lien Bonds and senior and prior to the Second Lien Bonds.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of United Bank, Inc., Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its

attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision 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.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, 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 at 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 the 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 the Issuer for the prompt payment of the principal of and interest on this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, BERKELEY COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]


Chairman

SPECIMEN

ATTEST:


Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2016 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 20, 2016.

UNITED BANK, INC.,
as Registrar



Authorized Officer

SPECIMEN

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$389,704.02	07/20/2016	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

EXHIBIT B

DEBIT SERVICE SCHEDULE

Bond Debt Service
Berkeley County PSD
IF

\$5,213,278

3% Interest Rate

Dated Date 7/20/2016

Delivery Date 7/20/2016

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2019	68,732	3.000%	17,812.03	86,544.03
12/1/2019	47,960	3.000%	38,584.10	86,544.10
3/1/2020	48,319	3.000%	38,224.40	86,543.40
6/1/2020	48,682	3.000%	37,862.00	86,544.00
9/1/2020	49,047	3.000%	37,496.89	86,543.89
12/1/2020	49,415	3.000%	37,129.04	86,544.04
3/1/2021	49,785	3.000%	36,758.42	86,543.42
6/1/2021	50,159	3.000%	36,385.04	86,544.04
9/1/2021	50,535	3.000%	36,008.84	86,543.84
12/1/2021	50,914	3.000%	35,629.83	86,543.83
3/1/2022	51,296	3.000%	35,247.98	86,543.98
6/1/2022	51,681	3.000%	34,863.26	86,544.26
9/1/2022	52,068	3.000%	34,475.65	86,543.65
12/1/2022	52,459	3.000%	34,085.14	86,544.14
3/1/2023	52,852	3.000%	33,691.70	86,543.70
6/1/2023	53,248	3.000%	33,295.31	86,543.31
9/1/2023	53,648	3.000%	32,895.95	86,543.95
12/1/2023	54,050	3.000%	32,493.59	86,543.59
3/1/2024	54,456	3.000%	32,088.21	86,544.21
6/1/2024	54,864	3.000%	31,679.79	86,543.79
9/1/2024	55,275	3.000%	31,268.31	86,543.31
12/1/2024	55,690	3.000%	30,853.75	86,543.75
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12/1/2032	70,733	3.000%	15,811.25	86,544.25
3/1/2033	71,263	3.000%	15,280.75	86,543.75
6/1/2033	71,798	3.000%	14,746.28	86,544.28
9/1/2033	72,336	3.000%	14,207.79	86,543.79
12/1/2033	72,879	3.000%	13,665.27	86,544.27
3/1/2034	73,425	3.000%	13,118.68	86,543.68
6/1/2034	73,976	3.000%	12,567.99	86,543.99
9/1/2034	74,531	3.000%	12,013.17	86,544.17
12/1/2034	75,090	3.000%	11,454.19	86,544.19
3/1/2035	75,653	3.000%	10,891.01	86,544.01
6/1/2035	76,220	3.000%	10,323.62	86,543.62
9/1/2035	76,792	3.000%	9,751.97	86,543.97
12/1/2035	77,368	3.000%	9,176.03	86,544.03
3/1/2036	77,948	3.000%	8,595.77	86,543.77
6/1/2036	78,533	3.000%	8,011.16	86,544.16
9/1/2036	79,122	3.000%	7,422.16	86,544.16
12/1/2036	79,715	3.000%	6,828.74	86,543.74
3/1/2037	80,313	3.000%	6,230.88	86,543.88
6/1/2037	80,915	3.000%	5,628.53	86,543.53
9/1/2037	81,522	3.000%	5,021.67	86,543.67
12/1/2037	82,134	3.000%	4,410.26	86,544.26
3/1/2038	82,750	3.000%	3,794.25	86,544.25
6/1/2038	83,370	3.000%	3,173.63	86,543.63
9/1/2038	83,995	3.000%	2,548.35	86,543.35
12/1/2038	84,625	3.000%	1,918.39	86,543.39
3/1/2039	85,260	3.000%	1,283.70	86,543.70
6/1/2039	85,900	3.000%	644.25	86,544.25
	5,213,278		1,710,228.92	6,923,506.92

(Form of)

ASSIGNMENT

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

Dated: _____, 20__.

In the presence of:



Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.stepToe-johnson.com

Writer's Contact Information

July 20, 2016

Berkeley County Public Service District
Water Revenue Bonds, Series 2016 A
(West Virginia Infrastructure Fund)

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Berkeley County Public Service District (the "Issuer"), a public service district and political subdivision organized and existing under the laws of the State of West Virginia, of its \$5,213,278 Water Revenue Bonds, Series 2016 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated July 20, 2016, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered to the Authority. No payments of principal and interest are due on the Series 2016 A Bonds for three years after the Closing Date. Interest shall commence accruing on July 20, 2019. The Series 2016 A Bonds shall be amortized at the rate of 3% per annum for a term of 20 years. Commencing September 1, 2019, principal and interest on the Series 2016 A Bonds is due and payable quarterly on June 1, September 1, December 1, and March 1, of each year; however, if the Issuer is not supplying water to the Procter & Gamble Plant (the "Plant") on August 1, 2019, then the payments shall be deferred quarterly until such time as the Issuer is supplying water to the Plant, but no later than September 1, 2021 at which time quarterly payments shall commence regardless of the status of the Plant.

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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of

(i) paying the costs of acquisition of improvements and extensions to the existing public water system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on July 11, 2016, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 11, 2016 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

3. The Bond Legislation and all other necessary orders and resolutions have been duly adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Surplus Revenues of the System referred to in the Bond Legislation.

5. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may

be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond numbered AR-1, and in our opinion the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,



STEPHENS & JOHNSON PLLC

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

304-262-4773 Telephone
304-262-4775 Fax

shinglet@comcast.net

July 20, 2016

Berkeley County Public Service District
Water Revenue Bonds, Series 2016 A
(West Virginia Infrastructure Fund)

Berkeley County Public Service District
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Berkeley County Public Service District, a public service district, in Berkeley County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2016 A Bonds dated July 20, 2016, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on July 11, 2016, as supplemented by the Supplemental Resolution duly adopted by the Issuer on July 11, 2016 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Berkeley County relating to the Issuer and the appointment of the members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

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

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

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

4. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any resolution, order, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from the Council and The County Commission of Berkeley County.

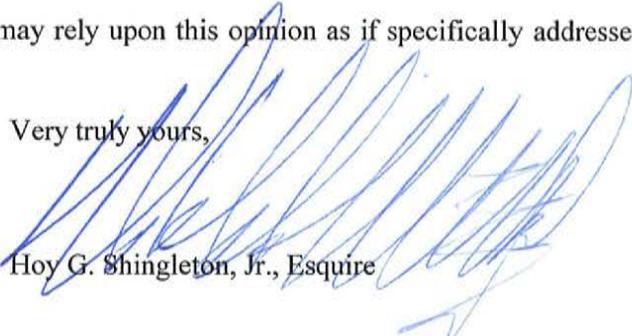
7. The Issuer has received the Recommended Decision dated October 28, 2013, which became a Final Order on November 17, 2013 in Case No. 13-0106-PWD-42A-PC of the Public Service Commission of West Virginia approving the rates and charges for the services of the System.

8. Since the Issuer satisfies the customer and gross revenue thresholds for West Virginia Code Section 24-2-11, the Issuer is no longer required to obtain a certificate of public convenience and necessity from the PSC prior to the construction of additions, betterments and improvements for the System. The Issuer may issue bonds and undertake construction projects without PSC oversight. The Issuer has adopted a Project Ordinance dated April 25, 2016 pursuant to 24-2-11.

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

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

Very truly yours,


Hoy G. Shingleton, Jr., Esquire

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

304-262-4773 Telephone
304-262-4775 Fax

shinglet@comcast.net

FINAL TITLE OPINION

June 2, 2016

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Dear Ladies & Gentlemen:

This firm represents the Berkeley County Public Service District (the "District") with regard to a proposed project to construct the 2.0 million gallon Grubbs Corner storage tank, improvements to two existing water booster stations, two main extensions totaling approximately 5,600 feet; together with all appurtenant facilities (the "Project"), and provides this final title opinion on behalf of the District to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") with regard to the financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the West Virginia Bureau for Public Health.

2. That the District has obtained approval for all necessary permits and approvals for the construction of the Project.

3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Dewberry Consultants, LLC, the consulting engineers for the Project.

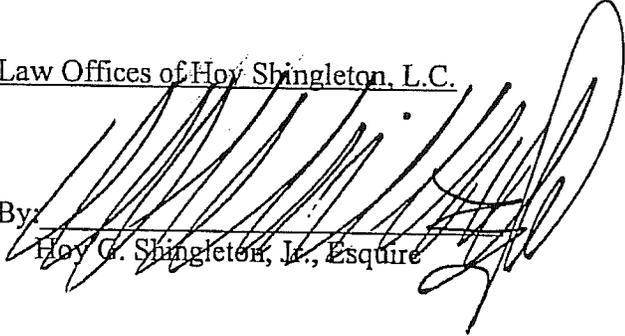
4. I have examined the records on file in the Office of the Clerk of the County Commission of Berkeley County, West Virginia, the county in which the Project is to be located, and, in my opinion, the District has acquired legal title or such other estate or interest in the necessary site components for the Project, including 100% of the necessary property rights sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed. Below is a list of Rights of Way and Easements still needed to be acquired:

NONE

5. That any deeds or other documents which have been acquired to date by the District have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the District.

Very truly yours,

Law Offices of Hoy Shingleton, L.C.

By: 

Hoy G. Shingleton, Jr., Esquire

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

A. Series A Bonds

Principal Amount of Local Bonds	\$5,213,278
Purchase Price of Local Bonds	\$5,213,278

The Local Bonds shall be amortized at the rate of 3% per annum for a term of 20 years. No payments of principal and interest are due on the Local Bonds for three years after the Closing Date. Interest shall commence accruing on July 20, 2019. Commencing September 1, 2019, principal and interest on the Local Bonds is due and payable quarterly on June 1, September 1, December 1, and March 1, of each year. Provided that if the Governmental Agency is not supplying water to the Procter & Gamble Plant (the "Plant") on August 1, 2019, the payments shall be deferred quarterly until such time as the Governmental Agency is supplying water to the Plant, but no later than September 1, 2021 at which time quarterly payments shall commence regardless of the status of the Plant.

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2016 A
(West Virginia Infrastructure Fund)

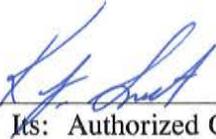
ACCEPTANCE OF DUTIES AS REGISTRAR OF SERIES 2016 A BONDS

UNITED BANK, INC., Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Berkeley County Public Service District Water Revenue Bonds, Series 2016 A (West Virginia Infrastructure Fund), dated July 20, 2016, in the principal amount of \$5,213,278 (the "Series 2016 A Bonds") and agrees to perform all duties of Registrar in connection with the Series 2016 A Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2016 A Bonds.

WITNESS my signature on this 20th day of July, 2016.

UNITED BANK, INC.

By: _____



Its: Authorized Officer

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2016 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF SERIES 2016 A BONDS

UNITED BANK, INC., Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the Berkeley County Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Berkeley County Public Service District Water Revenue Bond, Series 2016 A (West Virginia Infrastructure Fund), of the Issuer, dated July 20, 2016, in the principal amount of \$5,213,278, numbered AR-1, is registered in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of United Bank, Inc., as Registrar.

WITNESS my signature on this 20th day of July, 2016.

UNITED BANK, INC.

By: 
Its: Authorized Officer

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2016 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 20th day of July, 2016, by and between the BERKELEY COUNTY PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$5,213,278 Water Revenue Bonds, Series 2016 A (West Virginia Infrastructure Fund), in fully registered form (the "Series 2016 A Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted July 11, 2016, and a Supplemental Resolution of the Issuer duly adopted July 11, 2016 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's 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 Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar 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 Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from 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 Registrar 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 Registrar'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 Registrar 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 Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's 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 Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's 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 Registrar's 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 25401
Attention: Chairman

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

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their 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 included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See attached)